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Daily Chronicle.

SATURDAY, DECEMBER 12, 1863

THE INSURRECTION.

ANNUAL MESSAGE OF JEFFERSON DAVIS

INSIDE VIEW OF THE REBELLION

Everything Going Wrong.

DEFEAT IN THE EAST, AND WEST, AND SOUTH

A TIRADE AGAINST ENGLAND.

DEPLORABLE CONDITION OF THE REBEL FINANCES.

A NEW TRANS-MISSISSIPPI DEPENDENCY RECOMMENDED.

A MORE VIGOROUS CONSCRIPTION DEMANDED.

NO MORE SUBSTITUTES TO BE ALLOWED

The Northern People "Hardened by Crime."

General Gloom Throughout the "Confederacy."

THE FRENCH POLICY IN MEXICO ENDORSED.

&c., &c., &c., &c.

The following is the annual message of Jefferson Davis, printed in the Richmond newspapers of Wednesday, and furnished to THE CHRONICLE by our special correspondents.

To the Senate and House of Representatives of the Confederate States:

The necessity for legislative action, arising out of the important events that have marked the interval since your adjournment, and my desire to have the aid of your counsel on other matters of grave public interest, render your presence at this time more than ordinarily welcome. Indeed, but for serious obstacles to convoking you in extraordinary session, and the necessity for my own temporary absence from the seat of Government, I would have invited you to an earlier meeting than that fixed at the date of your adjournment.

Grave reverses befel our arms soon after your departure from Richmond. Early in July, our strongholds at Vicksburg and Port Hudson, together with their entire garrisons, capitulated to the combined land and naval forces of the enemy. The important interior position of Jackson next fell into their temporary possession. Our unsuccessful assault on the post at Helena was followed at a later period by the invasion of Arkansas, and the retreat of our army from Little Rock gave to the enemy the control of the important valley in which it is situated.

The resolute spirit of the people soon rose superior to the temporary despondency naturally resulting from these reverses. The gallant troops, so ably commanded in the States beyond the Mississippi, inflicted repeated defeats on the invading armies in Louisiana and on the coast of Texas. Detachments of troops and active bodies of partisans kept up so effective a war on the Mississippi river as practically to [illegible] its value as an avenue of commerce.

The [illegible]mined and successful defence of Charleston against the joint land and naval operations of the enemy afforded an inspiring example of our ability to repel the attacks [illegible] clad fleet on which they chiefly rely; while on the northern frontier our success was still more marked.

The able commander who conducted the campaign in Virginia determined to meet the threatened advance on Richmond, for which the enemy had made long and costly preparations, by forcing their armies to cross the Potomac and fight in defence of their own capital and homes. Transferring the battle field to their own soil, he succeeded in compelling their rapid retreat from Virginia, and in the hard fought battle of Gettysburg inflicted such severity of punishment as disabled them from early renewal of the campaign as originally projected. Unfortunately, the communications on which our general relied for receiving his supplies of munitions were interrupted by extraordinary floods, which so swelled the Potomac as to render impassable the fords by which his advance had been made, and he was thus forced to a withdrawal, which was conducted with deliberation, after securing large trains of captured supplies, and with a constant but unaccepted tender of battle. On more than one occasion the enemy has since made demonstrations of a purpose to advance, invariably followed by a precipitate retreat to entrenched lines on the approach of our forces.

The effective check thus opposed to the advance of the invaders at all points was such as to afford hope of their early expulsion from portions of the territory previously occupied by them, when the country was painfully surprised by the intelligence that the officer in command of Cumberland Gap had surrendered that important and easily defensible pass without firing a shot, upon the summons of a force still believed to have been inadequate to its reduction, and when reinforcements were within supporting distance and had been ordered to his aid. The entire garrison, including the commander, being still held prisoners by the enemy, I am unable to suggest any explanation of this disaster, which laid open Eastern Tennessee and Southwestern Virginia to hostile operations, and broke the line of communication between the seat of Government and Middle Tennessee.

This easy success of the enemy was followed by an advance of General Rosecrans into Georgia, and our army evacuated Chattanooga and availed itself of the opportunity thus afforded of winning, on the field of Chickamauga, one of the most brilliant and decisive victories of the war. This signal defeat of General Rosecrans was followed by his retreat into Chattanooga, where his imperilled position had the immediate effect of relieving the pressure of the invasion at other points, forcing the concentration, for his relief, of large bodies of troops withdrawn from the armies in the Mississippi Valley and in Northern Virginia. The combined forces thus accumulated against us in Tennessee so greatly outnumbered our army as to encourage the enemy to attack. After a long and severe battle, in which great carnage was inflicted on him, some of our troops inexplicably abandoned a position of great strength, and, by a disorderly retreat, compelled the commander to withdraw the forces elsewhere successful, and finally to retire with his whole army to positions some twenty or thirty miles to the rear. It is believed that if the troops who yielded to the assault had fought with the valor which they had displayed on previous occasions, and which was manifested in this battle on the other parts of the line, the enemy would have been repulsed with very great slaughter, and our country would have escaped the misfortune and the army the mortification of the first defeat that has resulted from misconduct by the troops. In the meantime, the army of General Burnside was driven from all its field positions in Eastern Tennessee, and forced to retreat into his entrenchments at Knoxville, where, for some weeks, it was threatened with capture by the forces under General Longstreet. No information has reached me of the final result of the operations of our commander, though intelligence has arrived of his withdrawal from that place.

While, therefore, our success in driving the enemy from our soil has not equalled the expectations confidently entertained at the commencement of the campaign, his progress has been checked. If we are [illegible] several losses in Tennessee and Arkansas, we are not without ground for congratulation on successes in Louisiana and Texas. On the sea coast he is exhausted by vain efforts to capture our ports, while on the northern frontier he has in turn felt the pressure and dreads the renewal of invasion. The indomitable courage and perseverance of the people in the defence of their homes have been nobly attested by the unanimity with which the Legislatures of Virginia, North Carolina, and Georgia, have recently given expression to the popular sentiment; and like manifestations may be anticipated from all the States. Whatever obstinacy may be displayed by the enemy in his desperate sacrifices of money, life, and liberty, in the hope of enslaving us, the experience of mankind has too conclusively shown the superior endurance of those who fight for home, liberty, and independence to permit any doubt of the result.

FOREIGN RELATIONS.

I regret to inform you that there has been no improvement in the state of our relations with foreign countries since my message in January last. On the contrary, there has been a still greater divergence in the conduct of European nations from that practical impartiality which alone deserves the name of neutrality, and their action, in some cases, has assumed a character positively unfriendly.

You have heretofore been informed that, by common understanding, the initiative in all action touching the contest on this continent had been left by foreign Powers to the two great maritime nations of western Europe, and that the Governments of these two nations had agreed to take no measures without previous concert. The result of these arrangements has, therefore, placed it in the power of either France or England to obstruct at pleasure the recognition to which the Confederacy is justly entitled, or even to prolong the continuance of hostilities on this side of the Atlantic, if the policy of either could be promoted by the postponement of peace. Each, too, thus became possessed of great influence in so shaping the general exercise of neutral rights in Europe as to render them subservient to the purpose of aiding one of the belligerents to the detriment of the other. I referred, at your last session, to some of the leading points in the course pursued by professed neutrals, which betrayed a partisan leaning to the side of our enemies, but events have since occurred which induce me to renew the subject in greater detail than was then deemed necessary. In calling to your attention the action of these Governments, I shall refer to the documents appended to President Lincoln's messages, and to their own correspondence, as disclosing the true nature of their policy and the motives which guided it. To this course no exception can be taken, inasmuch as our attention has been invited to these sources of information by their official publication.

In May, 1861, the Government of her Britannic Majesty informed our enemies that it had not "allowed any other than an intermediate position on the part of the Southern States," and assured them "that the sympathies of this country (Great Britain) were rather with the North than with the South."

On the 1st day of June, 1861, the British Government interdicted the use of its ports "to armed ships and privateers, both of the United States and the so-called Confederate States" with their prizes. The Secretary of State of the United States fully appreciated the character and motive of this interdiction, when he observed to Lord Lyons, who communicated it, "that this measure, and that of the same character which had been adopted by France, would probably prove a death-blow to Southern privateering."

On the 12th of June, 1861, the United States Minister in London informed her Majesty's Secretary for Foreign Affairs that the fact of his having held interviews with the Commissioners of this Government had given "great dissatisfaction," and that a protraction of this relation would be viewed by the United States "as hostile in spirit, and to require some corresponding action accordingly." In response to this intimation her Majesty's Secretary assured the Minister that "he had no expectation of seeing them any more."

By proclamation, issued on the 19th and 27th of April, 1861, President Lincoln proclaimed the blockade of the entire coast of the Confederacy, extending from the Potomac to the Rio Grande, embracing, according to the returns of the United States coast survey, a coast line of three thousand five hundred and forty-nine statute miles, on which the number of rivers, bays, harbors, inlets, sounds, and passes is one hundred and eighty nine. The navy possessed by the United States for enforcing this blockade was stated in the reports communicated by President Lincoln to consist of twenty four vessels of all classes in commission, of which half were in distant seas. The absurdity of the pretension of such a blockade, in face of the authoritative declaration of the maritime rights of neutrals, made in Paris, in 1856, was so glaring that the attempt was regarded as an experiment on the forbearance of neutral Powers, which they would promptly resist. This conclusion was justified by the fact that the Governments of France and Great Britain determined that it was necessary for their interests to obtain from both belligerents "securities concerning the proper treatment of neutrals."

In the instructions which "confided the negotiation on this matter" to the British Consul in Charleston, he was informed that "the most perfect accord on this question exists between her Majesty's Government and the Government of the Emperor of the French," and these instructions were accompanied by a copy of the dispatch of the British Foreign Office, of the 18th May, 1861, stating that there was no difference of opinion between Great Britain and the United States as to the validity of the principles enunciated in the fourth article of the declaration of Paris, in reference to blockades. Your predecessors of the Provisional Congress had, therefore, no difficulty in proclaiming, nor I in approving, the resolutions which abandoned in favor of Great Britain and France our right to capture enemy's property when covered by the flags of those Powers. The "securities" desired by these Governments were understood by us to be required from both belligerents. Neutrals were exposed on our part to the exercise of the belligerent right of capturing their vessels when conveying the property of our enemies. They were exposed, on the part of the United States, to interruption in their unquestioned right of trading with us by the declaration of the paper blockade above referred to.

We had no reason to doubt the good faith of the proposal made us, nor to suspect that we were to be the only parties bound by its acceptance. It is true that the instructions of the neutral Powers informed their agents that it was "essential, under present circumstances, that they should act with great caution, in order to avoid raising the question of the recognition of the new Confederation," and that the understanding on the subject did not assume for that reason the shape of a formal convention. But it was not deemed just by us to decline the arrangement on this ground, as little more than ninety days had then elapsed since the arrival of our commissioners in Europe, and neutral nations were fairly entitled to a reasonable delay in acting on a subject of so much importance, and which, from their point of view, presented difficulties that we, perhaps, did not fully appreciate.

Certain it is that the action of this Government on the occasion and its faithful performance of its own engagements have been such as to entitle it to expect, on the part of those who sought in their own interests a mutual understanding, the most scrupulous adherence to their own promises. I feel constrained to inform you that in this expectation we have been disappointed, and that not only have the Governments which entered into these arrangements yielded to the prohibition against commerce with us, which has been dictated by the United States in defiance of the law of nations, but that this concession of their neutral rights to our detriment has on more than one occasion been claimed in intercourse with our enemies as an evidence of friendly feeling towards them. A few extracts from the correspondence of her Majesty's chief Secretary of State for Foreign Affairs will suffice to show marked encouragement to the United States to persevere in its paper blockade, and unmistakable intimations that her Majesty's Government would not contest its validity.

On the 21st May, 1861, Earl Russell pointed out to the United States Minister in London, that "the blockade might no doubt be made effective, considering the small number of harbors on the Southern coast, even though the extent of 3 000 miles were comprehended in terms of that blockade."

On the 14th of January, 1862, her Majesty's Minister in Washington communicated to his Government, that in extenuation of the barbarous attempt to destroy the port of Charleston by sinking a stone fleet in the harbor, Mr. Seward had explained "that the Government of the United States had, last spring, with a navy very little prepared for so extensive an operation, undertaken to blockade upwards of three thousand miles of coast. The Secretary of the Navy had reported that he could stop up the 'large holes' by means of his ships, but that he could not stop up the 'small ones.' It had been found necessary, therefore, to close some of the numerous small inlets by sinking vessels in the channel."

On the 6th May, 1862, so far from claiming the right of British subjects as neutrals to trade with us as belligerents, and to disregard the blockade on the ground of this explicit confession by our enemy of his inability to render it effective, her Majesty's Secretary of State for Foreign Affairs claimed credit with the United States for friendly action in respecting it. His lordship stated that "the United States Government, on the allegation of a rebellion pervading from nine to eleven States of the Union, have now, for more than twelve months, endeavored to maintain a blockade of three thousand miles of coast. This blockade, kept up irregularly, but when enforced, enforced severely, has seriously injured the trade and manufactures of the United Kingdom. Thousands are now obliged to resort to the poor rates for subsistence, owing to this blockade. Yet her Majesty's Government have never sought to take advantage of the obvious imperfections of this blockade, in order to declare itself ineffective. They have, to the loss and detriment of the British nation, scrupulously observed the duties of Great Britain towards a friendly State."

Again, on the 22d September, 1862, the same noble Earl asserted that the United States were "very far, indeed," from being in "a condition to ask other nations to assume that every port of the coasts of the so-styled Confederate States is effectively blockaded."

When, in view of these facts; of the obligation of the British nation to adhere to the pledge made by their Government at Paris, in 1856, and renewed to this Confederacy in 1861; and of these repeated and explicit avowals of the imperfection, irregularity, and inefficiency of the pretended blockade of our coast, I directed our commissioner at London to call upon the British Government to redeem its promise, and to withhold its moral aid and sanction from the flagrant violation of public law committed by our enemies, we were informed that her Majesty's Government could not regard the blockade of the Southern ports as having been otherwise than "practically effective," in February, 1862, and that "the manner in which it has since been enforced, gives to neutral Governments no excuse for asserting that the blockade has not been efficiently maintained." We were further informed, when we insisted that by the terms of our agreement no blockade was to be considered effective, unless "sufficient really to prevent access to our coast," "that the declaration of Paris was, in truth, directed against blockades not sustained by any actual force, or sustained by a notoriously inadequate force, such as the occasional appearance of a man-of-war in the offing, or the like."

It was impossible that this mode of construing an argument, so as to make its terms mean almost the reverse of what they plainly conveyed, could be considered otherwise than as a notification of the refusal of the British Government to remain bound by its agreement or longer to respect those articles of the declaration of Paris which had been repeatedly denounced by British statesmen, and had been characterized by Earl Russell as "very imprudent" and "most unsatisfactory."

If any doubt remained of the motives by which the British ministry have been actuated in their conduct, it would be completely dissipated by the distinct avowals and explanations contained in the published speech recently made by her Majesty's Secretary for Foreign Affairs. In commenting on the remonstrance of this Government against the countenance given to an ineffective blockade, the following language is used: "It is said we have, contrary to the declarations of Paris, contrary to international law, permitted the blockade of 3 000 miles of American coast. It is quite true we did so, and the presumable cause of complaint is quite true, that although the blockade is kept up by a sufficient number of ships, yet these ships were sent into the United States navy in a hurry, and are ill-fitted for the purpose, and did not keep up so completely and effectively as was required an effective blockade."

This unequivocal confession of violation, both of agreement with us and of international law, is defended on grounds the validity of which we submit with confidence to the candid judgment of mankind.

These grounds are thus stated: "Still looking at the law of nations it was a blockade we, as a great belligerent power in former times, should have acknowledged. We, ourselves, had a blockade of upwards of 2 000 miles, and it did seem to me that we were bound in justice to the Federal States of America to acknowledge that blockade. But there was another reason which weighed with me. Our people were suffering severely for the want of that material which was the main staff of their industry, and it was a question of self-interest whether we should not break the blockade. But in my opinion the men of England would have been forever infamous if, for the sake of their own interest, they had violated the law of nations and made war in conjunction with these slaveholding States of America against the Federal States."

In the second of these reasons our rights are not involved; although it may be permitted to observe that the conduct of Governments has not heretofore, to my knowledge, been guided by the principle that it is infamous to assert their rights, whenever the invasion of those rights creates severe suffering among their people, and injuriously affects great interests. But the intimation that relations with these States would be discreditable because they are slaveholding, would probably have been omitted if the official personage who has published it to the world had remembered that these States were, when colonies, made slaveholding by the direct exercise of the power of Great Britain, whose dependencies they were, and whose interests in the slave trade were then supposed to require that her colonies should be made slaveholding.

But the other ground stated is of a very grave character. It asserts that a violation of the law of nations by Great Britain in 1807, when that Government declared a paper blockade of 2,000 miles of coast (a violation then defended by her courts and jurists on the sole ground that her action was retaliatory) affords a justification for a similar outrage on neutral rights by the United States in 1861, for which no palliation can be suggested; and that Great Britain "is bound, in justice to the Federal States," to make return for the war waged against her by the United States in resistance of her illegal blockade of 1807, by an acquiescence in the Federal illegal blockade of 1861. The most alarming feature in this statement is its admission of a just claim on the part of the United States to require of Great Britain during this war a disregard of the recognised principles of modern public law, and of her own compacts, whenever any questionable conduct of Great Britain "in former times" can be cited as a precedent. It is not inconsistent with respect and admiration for the great people whose Government have given us this warning, to suggest that their history, like that of mankind in general, offers exceptionable instances of indefensible conduct "in former times;" and we may well deny the morality of violating recent engagements through deference to the evil precedents of the past.

After defending, in the manner just stated, the course of the British Government on the subject of the blockade, her Majesty's Foreign Secretary takes care to leave no doubt of the further purpose of the British Government to prevent our purchase of vessels in Great Britain, while supplying our enemies with rifles and other munitions of war, and states the intention of applying to Parliament for a furtherance of this design. He gives to the United States the assurance that he will do in their favor not only "everything that the law of nations requires, everything that the present foreign enlistment act requires," but that he will ask the sanction of Parliament "to further measures that her Majesty's ministers may still add." This language is so unmistakably an official exposition of the policy adopted by the British Government in relation to our affairs, that the duty imposed on me by the Constitution of giving you, from time to time, "information of the state of the Confederacy," would not have been performed if I had failed to place it distinctly before you.

I refer you for fuller details on this whole subject to the correspondence of the State Department which accompanies this message. The facts which I have briefly narrated are, I trust, sufficient to enable you to appreciate the true nature of the neutrality professed in this war. It is not in my power to apprise you to what extent the Government of France shares the views so unreservedly avowed by that of Great Britain, no published correspondence of the French Government having been received. No public protest nor opposition, however, has been made by his Imperial Majesty against the prohibition to trade with us, imposed on French citizens by the paper blockade of the United States, although I have reason to believe that an unsuccessful attempt was made, on his part, to secure the assent of the British Government to a course of action more consonant with the dictates of public laws, and with the demands of justice towards us.

The partiality of her Majesty's Government in favor of our enemies has been further evinced in the marked difference of its conduct on the subject of the purchase of supplies by the two belligerents. This difference has been conspicuous since the very commencement of the war. As early as the 1st of May, 1861, the British Minister in Washington was informed by the Secretary of State of the United States that he had sent agents to England and that others would go to France to purchase arms; and this fact was communicated to the British Foreign Office, which interposed no objection. Yet, in October of the same year, Earl Russell entertained the complaint of the United States Minister in London that the Confederate States were importing contraband of war from the island of Nassau, directed inquiry into the matter, and obtained a report from the authorities of the island denying the allegations, which report was enclosed to Mr. Adams, and received by him as satisfactory evidence to dissipate "the suspicion naturally thrown upon the authorities of Nassau by that unwarrantable act."

So, too, when the Confederate Government purchased in Great Britain, as a neutral country, (and with strict observance, both of the law of nations and the municipal law of Great Britain,) vessels which were subsequently armed and commissioned as vessels of war, after they had been far removed from English waters, the British Government, in violation of its own laws, and in deference to the importunate demands of the United States, made an ineffectual attempt to seize one vessel, and did actually seize and detain another which touched at the island of Nassau on her way to a Confederate port, and subjected her to an unfounded prosecution at the very time when cargoes of munitions of war were being openly shipped from British ports to New York, to be used in warfare against us.

Even now the public journals bring intelligence that the British Government has ordered the seizure, in a British port, of two vessels, on the suspicion that they may have been sold to this Government, and that they may be hereafter armed and equipped in our service, while British subjects are engaged in Ireland by tens of thousands to proceed to the United States for warfare against the Confederacy, in defiance both of the law of nations and of the express terms of the British statutes, and are transported in British ships, without an effort at concealment, to the ports of the United States, there to be armed with rifles imported from Great Britain and to be employed against our people in a war for conquest. No royal prerogative is invoked, no executive interference is interposed, against this flagrant breach of municipal and international law, on the part of our enemies, while strained constructions are placed on existing statutes, new enactments proposed, and questionable expedients devised for precluding the possibility of purchase, by this Government, of vessels that are useless for belligerent purposes, unless hereafter armed and equipped outside of the neutral jurisdiction of Great Britain.

For nearly three years this Government has exercised unquestioned jurisdiction over many millions of willing and united people. It has met and defeated vast armies of invaders, who have in vain sought its subversion. Supported by the confidence and affection of its citizens, the Confederacy has lacked no element which distinguishes an independent nation, according to the principles of public law. Its legislative, executive, and judicial departments, each in its sphere, have performed their appropriate functions with a regularity as undisturbed as in a time of profound peace, and the whole energies of the people have been developed in the organization of vast armies, while their rights and liberties have rested secure under the protection of the courts of justice. This Confederacy is either independent or is a dependency of the United States, for no other earthly power claims the right to govern it. Without one historic fact on which the pretension can rest, without one line or word of treaty, or covenant, which can give color to title, the United States have asserted that the British Government have chosen to concede that these sovereign States are dependencies of the Government which is administered at Washington. Great Britain has accordingly entertained with that Government the closest and most intimate relations, while refusing, on its demand, ordinary amicable intercourse with us, and has, under arrangements made with the other nations of Europe, not only denied our just claim of admission into the family of nations, but interposed a passive, though effectual bar, to the acknowledgment of our rights by other Powers. So soon as it had become apparent, by the declarations of the British Ministers, in the debates of the British Parliament in July last, that her Majesty's Government was determined to persist indefinitely in a course of policy which, under professions of neutrality, had become subservient to the designs of our enemy, I felt it my duty to recall the Commissioner formerly accredited to that Court, and the correspondence on the subject is submitted to you.

It is due to you and to our country that this full statement should be made of the just grounds which exist for dissatisfaction with the conduct of the British Government. I am well aware that we are unfortunately without adequate remedy for the injustice under which we have suffered at the hands of a powerful nation at a juncture when our entire resources are absorbed in the defence of our lives, liberties and independence, against an enemy possessed of greatly superior numbers and materiel resources. Claiming no favor, desiring no aid, conscious of our own ability to defend our own rights against the utmost efforts of an infuriate foe, we had thought it not extravagant to expect that assistance would be withheld from our enemies, and that the conduct of foreign nations would be marked by a genuine impartiality between the belligerents. It was not supposed that a professed neutrality would be so conducted as to justify the Foreign Secretary of the British nation in explaining, in correspondence with our enemies, how "the impartial observance of neutral obligations by her Majesty's Government has thus been exceedingly advantageous to the cause of the more powerful of the two contending parties."

The British Government may deem this war a favorable occasion for establishing, by a temporary sacrifice of their neutral rights, a precedent which shall justify the future exercise of those extreme belligerent pretensions that their naval power renders so formidable. The opportunity for obtaining the tacit assent of European Governments to a line of conduct which ignores the obligations of the declaration of Paris, and treats that instrument rather as a theoretical exposition of principles than a binding agreement, may be considered by the British Ministry as justifying them in seeking a great advantage for their own country at the expense of ours. But we cannot permit, without protest, the assertion that international law or morals regarded as "impartial neutrality" conduct avowed to be "exceedingly advantageous" to one of the belligerents.

I have stated that we are without adequate remedy against the injustice under which we suffer. There are but two measures that seem applicable to the present condition of our relations with neutral Powers. One is, to imitate the wrong of which we complain, to retaliate by the declaration of a paper blockade of the coast of the United States, and to capture all neutral vessels trading with their ports that our cruisers can intercept on the high seas. This measure I cannot recommend. It is true that, in so doing, we should but follow the precedents set by Great Britain and France in the Berlin and Milan decrees, and the British orders in council at the beginning of the present century. But it must be remembered that we ourselves protested against these very measures as signal violations of the law of nations, and declared the attempts to excuse them, on the ground of their being retaliatory, utterly insufficient. Those blockades are now quoted by writers on public law as a standing reproach on the good name of the nations who were betrayed by temporary exasperation into wrong doing, and ought to be regarded rather as errors to be avoided than as examples to be followed.

The other measure is not open to this objection. The second article of the declaration of Paris which provides "that the neutral flag covers enemy's goods, with the exception of contraband of war," was a new concession by belligerents in favor of neutrals, and not simply the enunciation of an acknowledged pre-existing rule like the fourth article which referred to blockades. To this concession we bound ourselves by the convention with Great Britain and France, which took the shape of joint resolutions adopted by our predecessors on the 13th August, 1861. The consideration tendered us for that concession has been withheld. We have, therefore, the undeniable right to refuse longer to remain bound by a compact which the other party refuses to fulfil. But we should not forget that the war is but temporary, and that we desire that peace shall be permanent. The future policy of the Confederacy must ever be to uphold neutral rights to their full extent.

The principles of the declaration of Paris commend themselves to our judgment as more just, more humane, and more consonant with modern civilization, than those belligerent pretensions which great naval Powers have heretofore sought to introduce into the maritime code. To forego our undeniable right to the exercise of those pretensions is a policy higher, worthier of us and of our cause than to revoke our adhesion to principles that we approve. Let our hope for redress rest rather on a returning sense of justice, which cannot fail to awaken a great people to the consciousness that the war in which we are engaged ought rather to be made a reason for forbearance of advantage, than an occasion for the unfriendly conduct of which we make just complaint.

The events of the past year have produced important changes in the condition of our Southern neighbor. The occupation of the Capital of Mexico by the French army, and the establishment of a Provisional Government, followed by a radical change in the Constitution of the country, have excited lively interest. Although preferring our own Government and institutions to those of other countries, we can have no disposition to contest the exercise by them of the same right of self government we assert for ourselves. If the Mexican people prefer a monarchy to a republic, it is our plain duty cheerfully to acquiesce in their decision, and to evince a sincere and friendly interest in their prosperity. If, however, the Mexicans prefer maintaining their former institutions we have no reason to apprehend any obstacle to the free exercise of their choice. The Emperor of the French has solemnly disclaimed any purpose to impose on Mexico a form of government not acceptable to the nation; and the eminent personage to whom the throne has been tendered declines its acceptance unless the offer be sanctioned by the suffrages of the people. In either event, therefore, we may confidently expect a continuance of those peaceful relations which have been maintained on the frontier, and even a large development of the commerce already existing to the mutual advantage of the two countries.

It has been found necessary since your adjournment to take action on the subject of certain foreign consuls within the Confederacy. The nature of this action and the reasons on which it was based are so fully exhibited in the correspondence of the State Department which is transmitted to you, that no additional comment is required.

In connection with this subject of our relations with foreign countries, it is deemed opportune to communicate my views in reference to the treaties made by the Government of the United States at a date anterior to our separation, and which were consequently binding on us as well as on foreign Powers when the separation took effect.

It was partly with a view to entering into such arrangements as the change in our Government had made necessary, that we felt it our duty to send commissioners abroad for the purpose of entering into the negotiations proper to fix the relative rights and obligations of the parties to those treaties. As this tender on our part has been declined; as foreign nations have refused us the benefit of the treaties to which we were parties, they certainly have ceased to be binding on us, and, in my opinion, our relations with European nations are, therefore, now controlled exclusively by the general rules of the law of nations. It is proper to add that these remarks are intended to apply solely to treaty obligations toward foreign governments, and have no reference to the rights of individuals.

FINANCES.

The state of the public finances is such as to demand your earliest and most earnest attention. I need hardly say, that a prompt and efficacious remedy for the present condition of the currency is necessary to the successful performance of the functions of Government. Fortunately, the resources of our country are so ample, and the spirit of our people so devoted to its cause, that they are ready to make any necessary contribution. Relief is thus entirely within our reach, if we have the wisdom to legislate in such manner as to render available the means at our disposal.

At the commencement of the war we were far from anticipating the magnitude and duration of the struggle in which we were engaged. The most sagacious foresight could not have predicted that the passions of the Northern people would have led them blindly to the sacrifice of life, treasure, and liberty in so vain a hope as that of subjugating thirteen independent States, inhabited by many millions of people, whose birthright of freedom is dearer to them than life. A long exemption from direct taxation by the General Government has created an aversion to its raising revenue by any other means than by duties on imports, and it was supposed that these duties would be ample for current peace expenditure, while the means for conducting a war could be raised almost exclusively by the use of the public credit.

The first action of the Provisional Congress was therefore confined to passing a tariff law and to raising a sum of fifteen millions of dollars by loan, with a pledge of a small export duty on cotton to provide for the redemption of the debt.

At its second session war was declared to exist between the Confederacy and the United States, and provision was made for the issue of twenty millions of dollars in Treasury notes, and for borrowing thirty millions of dollars on bonds. The tariff was revised, and preparatory measures taken to enable the Congress to levy internal taxation at its succeeding session. These laws were passed in May, and the States of Virginia, North Carolina, Tennessee, and Arkansas having joined the Confederacy, the Congress adjourned to meet in the city of Richmond in the following month of July.

Prior to the assembling of your predecessors in Richmond at their third session near the end of July, 1861, the President of the United States had developed in his message the purpose "to make the contest a short and a decisive one," and had called on Congress for 400 000 men, and four hundred millions of dollars. The Congress had exceeded the Executive recommendation, and had authorized the levy of half a million of volunteers, besides largely increasing the regular land and naval forces of the United States. The necessity thus first became urgent that a financial scheme should be devised on a basis sufficiently large for the vast proportions of the contest with which we were threatened. Knowing that the struggle, instead of being "short and decisive," would be indefinite in duration, and could only end when the United States should awaken from their delusion of conquest, a permanent system was required, fully adapted to the great exigencies before us.

The plan devised by Congress at that time was based on the theory of issuing treasury notes convertible at the pleasure of the holder into eight per cent. bonds, the interest of which was to be payable in coin, and it was correctly assumed that any tendency to depreciation that might arise from over issue of the currency would be checked by the constant exercise of the holder's right to fund the note at a liberal interest payable in specie. This system depended for success on the continued ability of the Government to pay the interest in specie, and means were, therefore, provided for that purpose in the law authorizing the issues. An internal tax termed a war tax was levied, the proceeds of which, together with the revenue from imports were deemed sufficient for the object designed. This scheme required for its operation that our commerce with foreign nations should not be suspended. It was not to be anticipated that such suspension would be permitted otherwise than by an effective blockade; and it was absurd to suppose that a blockade "sufficient really to prevent access" to our entire coast could be maintained.

We had the means, therefore, (if neutral nations had not combined to aid our enemies by the sanction of an illegal prohibition on their commerce,) to secure the receipt into the treasury of coin sufficient to pay the interest on the bonds, and thus maintain the treasury notes at rates nearly equal to par in specie. So long as the interest continued to be thus paid with the reserve of coin pre-existing in our country, experience sustained the expectations of those who devised the system. Thus, on the first of the following December, coin had only reached a premium of about twenty per cent., although it had already become apparent that the commerce of the country was threatened with permanent suspension by reason of the conduct of neutral nations, and that the necessary result must be the exhaustion of our specie reserve. Wheat, in the beginning of the year 1862, was selling at one dollar and thirty cents per bushel, not exceeding, therefore, its average price in time of peace. The other agricultural products of the country were at similar moderate rates—thus indicating that there was no excess of circulation, and that the rate of premium on specie was heightened by the exceptional causes which tended to its exhaustion without the possibility of renewing the supply.

This review of the policy of your predecessors is given in justice to them, and it exhibits the condition of the finances at the date when the permanent Government was organized.

In the meantime the popular aversion to internal taxation by the General Government had influenced the legislation of the several States, and in only three of them, South Carolina, Mississippi, and Texas, were the taxes actually collected from the people. The quotas devolving upon the remaining States had been raised by the issue of bonds and State treasury notes, and the public debt of the country was thus actually increased instead of being diminished by the taxation imposed by Congress.

Neither at the first nor second session of the present Congress were means provided by taxation for maintaining the Government, the legislation being confined to authorizing farther sales of bonds and issues of treasury notes. Although repeated efforts were made to frame a proper system of taxation, you were confronted with an obstacle which did not exist for your predecessors, and which created grave embarrassment in devising any scheme of taxation. About two thirds of the entire taxable property of the Confederate States consists of land and slaves. The general power of taxation vested in Congress by the provisional Constitution (which was to be only temporary in its operation) and was not restricted by any other condition than that "all duties, imposts, and excises should be uniform throughout the States of the Confederacy. But the permanent Constitution, sanctioning the principle that taxation and representation ought to rest on the same basis, specially provides that "representation and direct taxes shall be apportioned among the several States according to their respective numbers, which shall be determined by adding to the whole number of free persons, including those bound to service for a term of years, and excluding Indians not taxed, three-fifths of all slaves."

It was further ordered that a census should be made within three years after the first meeting of Congress, and that "no capitation or other direct tax shall be laid, unless in proportion to the census or enumeration hereinbefore directed to be taken."

It is plain that under these provisions, capitation and direct taxes must be levied in proportion to the census when made. It is also plain that the duty imposed on Congress to provide for making a census prior to the 22d of February, 1865. It may further be stated that, according to the received construction of the Constitution of the United States, (a construction acquiesced in for upwards of sixty years,) taxes on lands and slaves are direct taxes, and the conclusion seems to be that, in repeating, without modification, in our Constitution, this language of the Constitution of 1787, our convention intended to attach to it the meaning which had been sanctioned by long and uninterrupted acquiescence.

So long as there seemed to be a probability of being able to carry out these provisions of the Constitution in their entirety, and in conformity with the intentions of its authors, there was an obvious difficulty in framing any system of taxation. A law which should exempt from the burthen two thirds of the property of the country, would be as unfair to the owners of the remaining third, as it would be inadequate to meet the requirements of the public service.

The urgency of the need was such, however, that after very great embarrassment, and more than three months of assiduous labor, you succeeded in framing the law of the 24th of April, 1863, by which you sought to reach so far as was practicable every resource of the country except the capital invested in real estate and slaves, and by means of an income tax and a tax in kind on the produce of the soil, as well as by licenses on business occupations and professions, to command resources sufficient for the wants of the country. But a very large proportion of these resources could only be made available at the close of the present and the commencement of the coming year, while the intervening exigencies permitted no delay. In this state of affairs, superinduced almost unavoidably by the fortunes of the war in which we are engaged, the issues of Treasury notes have been increased until the currency in circulation amounts to more than six hundred millions of dollars, or more than threefold the amount required by the business of the country.

I need not enlarge upon the evil effects of this condition of things. They are unfortunately but too apparent. In addition to the difficulty presented to the necessary operations of the Government, and the efficient conduct of the war, the most deplorable of all its results is undoubtedly its corrupting influence on the morals of the people. The possession of large amounts of treasury notes have naturally led to a desire for investment, and with a constantly increasing volume of currency, there has been an equally constant increase of price in all objects of investment. This effect has stimulated purchases by the apparent certainty of profit, and a spirit of speculation has thus been fostered, which has so debasing an influence, and such ruinous consequences, that it is our highest duty to remove the cause, and no measures directed to that end can be too prompt or too stringent.

Reverting to the constitutional provisions already cited, the question recurs whether it be possible to execute the duty of apportioning taxation in accordance with the census ordered to be made as a basis. So long as this appeared to be practicable, none can deny the propriety of your course in abstaining from the imposition of direct taxes till you could exercise the power in the precise mode pointed out by the terms of the fundamental law. But it is obvious that there are many duties imposed by the Constitution, which depend for their fulfilment on the undisturbed possession of the territory within which they are to be performed.

The same instrument which orders a census to be made in all the States, imposes the duty on the Confederacy "to guarantee to every State a republican form of government." It enjoins on us "to protect each State from invasion," and while declaring that its great objects and purposes are "to establish justice, ensure domestic tranquillity, and secure the blessings of liberty to ourselves and our posterity." It confers the means and thereby imposes on us the paramount duty of effecting its intent, by "laying and collecting taxes, duties, and excises, necessary to pay the debts, provide for the common defence, and carry on the Government of the Confederate States."

None would pretend that the Constitution is violated because, by reason of the presence of hostile armies, we are unable to guarantee a republican form of government to those States or portions of States now temporarily held by the enemy, and as little justice would there be in imputing blame for the failure to make the census, when that failure is attributable to causes not foreseen by the authorities of the Constitution, and beyond our control. The general intent of our constitutional charter is unquestionably that the property of the country is to be taxed in order to raise revenue for the common defence, and the special mode provided for levying this tax is impracticable from unforeseen causes.

It is, in my judgment, our primary duty to execute the general intent expressed by the terms of the instrument which we have sworn to obey, and we cannot excuse ourselves for the failure to fulfil this obligation on the ground that we are unable to perform it in the precise mode pointed out. Whenever it shall be possible to execute our duty in all its parts, we must do so in exact compliance with the whole letter and spirit of the Constitution. Until that period shall arrive, we must execute so much of it as our condition renders practicable. Whenever the withdrawal of the enemy shall place it in our power to make a census and apportionment of direct taxes, any other mode of levying them will be contrary to the will of the law-giver, and incompatible with our obligation to obey that will; until that period, the alternative left is to obey the paramount precept, and to execute it according to the only other rule provided, which is to "make the tax uniform throughout the Confederate States."

The considerations just presented are greatly enforced by the reflection that any attempt to apportion taxes amongst States, some of which are wholly or partially in the occupation of hostile forces, would subvert the whole intention of the framers of the Constitution, and be productive of the most revolting injustice, instead of that just correlation between taxation and representation which it was their purpose to secure. With large portions of some of the States occupied by the enemy, what justice would there be in imposing on the remainder the whole amount of the taxation of the entire State in proportion to its representation? What else would this be in effect than to increase the burthen of those who are the heaviest sufferers by the war, and to make our own inability to protect them from invasion, as we are required to do by the Constitution, the ground for adding to their losses by an attempted adherence to the letter, in violation of the spirit of that instrument.

No such purpose could have been entertained, and no such result contemplated by the framers of the Constitution. It may add weight to these considerations if we reflect that, although the Constitution provided that it should go into operation with a representation temporarily distributed among the States, it expressly ordains, after providing for a census within three years, that this temporary distribution of representative power is to endure "until such enumeration shall be made." Would any one argue that, because the census cannot be made within the fixed period, the Government must, at the expiration of that period, perish for want of a representative body? In any aspect in which the subject can be viewed, I am led to the conclusion already announced, and which is understood to be in accordance with a vote taken in one or both Houses at your last session. I shall, therefore, until we are able to pursue the precise mode required by the Constitution, deem it my duty to approve any law, levying the taxation which you are bound to impose for the defence of the country, in any other practicable mode which shall distribute the burthen uniformly and impartially on the whole property of the people.

In your former legislation you have sought to avoid the increase in the volume of notes in circulation by offering inducements to voluntary funding. The measures adopted for that purpose have been but partially successful, and the evil has now reached such a magnitude as to permit no other remedy than the compulsory reduction of the currency to the amount required by the business of the country. This reduction should be accompanied by a pledge that under no stress of circumstances will that amount be exceeded. No possible mode of using the credit of the Government can be so disastrous as one which disturbs the basis of all exchanges, renders impossible all calculations of future values, augments, in constantly increasing proportions, the price of all commodities, and so depreciates all kinds of wages, salaries, and incomes, as to render them inadequate to bare subsistence. If to these be added the still more fatal influence on the morals and character of the people, to which I have already adverted, I am persuaded you will concur in the conclusion that an inflexible adherence to a limitation of the currency at a fixed sum is an indispensable element of any system of finance now to be adopted.

The holders of the currency now outstanding can only be protected in the recovery of their just claims by substituting for their notes some other security. If the currency is not greatly and promptly reduced, the present scale of inflated prices will not only continue to exist, but by the very fact of the large amounts thus made requisite in the conduct of the war, those prices will reach rates still more extravagant, and the whole system will fall under its own weight, thus rendering the redemption of the debt impossible, and destroying its whole value in the hands of the holder. If, on the contrary, a funded debt, with interest secured by adequate taxation, can be substituted for the outstanding currency, its entire amount will be made available to the holder, and the Government will be in a condition enabling it, beyond the reach of any probable contingency, to prosecute the war to a successful issue. It is, therefore, demanded, as well by the interest of the creditor as of the country at large, that the evidences of the public debt now outstanding in the shape of Treasury notes be converted into bonds bearing adequate interest, with a provision for taxation sufficient to ensure punctual payment, and final redemption of the whole debt.

The report of the Secretary of the Treasury presents the outlines of a system which, in conjunction with existing legislation, is intended to secure the several objects of a reduction of the circulation within fixed reasonable limits; of providing for the future wants of the Government, by furnishing security for the punctual payment of interest and the final extinction of the principal of the public debt; and of placing the whole business of the country on a basis as near a specie standard as possible during the continuance of the war. I earnestly recommend it to your consideration, and that no delay be permitted to intervene before your action on this vital subject. I trust that it will be suffered to engross your attention until you have disposed of it in a manner best adapted to attain the important results which your country anticipates from your legislation.

It may be added that, in considering this subject, the people ought to steadily keep in view that the Government, in contracting debt, is but their agent; that its debt is their debt. As the currency is held exclusively by ourselves, it is obvious that, if each person held treasury notes in exact proportion to the value of his whole means, each would in fact owe himself the amount of the notes held by him; and, were it possible to distribute the currency among the people in this exact proportion, a tax levied on the currency alone, to an amount sufficient to reduce it to proper limits, would afford the best of all remedies. Under such circumstances, the notes remaining in the hands of each holder, after the payment of his tax, would be worth quite as much as the whole sum previously held, for it would purchase at least an equal amount of commodities.

This result cannot be perfectly attained by any device of legislation, but it can be approximated by taxation. A tax on all values has for its effect, not only to impose a due share of the burden on the note holder, but to force those who have a few or none of these notes to part with a share of their possessions to those who hold the notes in excess, in order to obtain the means of satisfying the demands of the tax gatherer. This is the only mode by which it is practicable to make all contribute as equally as possible to the burden which all are bound to share, and it is for this reason that taxation adequate to the public exigencies, under our present circumstances, must be the basis of any funding system or other remedy for restoring stability to our finances.

THE ARMY.

To the report of the Secretary of War you are referred for details relative to the condition of the army, and the measures of legislation required for maintaining its efficiency, recruiting its numbers, and furnishing the supplies necessary for its support.

Though we have lost many of the best of our soldiers and most patriotic of our citizens, (the sad but unavoidable result of the battles and toils of such a campaign as that which will render the year 1863 ever memorable in our annals,) the army is believed to be in all respects in better condition than at any previous period of the war. Our gallant defenders, now veterans, familiar with danger, hardened by exposure, and confident in themselves and their officers, endure privations with cheerful fortitude, and welcome battle with alacrity. The officers, by experience in field service, and the action of examining boards in relieving the incompetent, are now greatly more efficient than at the commencement of the war. The assertion is believed to be fully justified that, regarded as a whole, for character, valor, efficiency, and patriotic devotion, our army has not been equalled by any like number of troops in the history of war.

The act of 16th April, 1863, provides "that persons not liable for duty may be received as substitutes for those who are, under such regulations as may be prescribed by the Secretary of War." The policy of granting this privilege has not been sustained by experience. Not only has the numerical strength of the army been seriously impaired by the frequent desertions for which substitutes have become notorious, but dissatisfaction has been excited among those who have been unable or unwilling to avail themselves of the opportunity thus afforded of avoiding the military service of their country.

In view of the large conscription recently ordered by the enemy, and their subsequent call for volunteers to be followed, if ineffectual, by a still further draft, we are admonished that no effort must be spared to add largely to our effective force as promptly as possible. The sources of supply are to be found by restoring to the army all who are improperly absent, putting an end to substitution, modifying the exemption law, restricting details, and placing in the ranks such of the able-bodied men now employed as wagoners, nurses, cooks, and other employés, as are doing service for which the negroes may be found competent.

I fully concur in the opinion expressed by the Secretary, that there is no ground for the objection that a new provision, to include those who furnished substitutes under the former call, would be a breach of contract. To accept a substitute was to confer a privilege, not to enter into a contract, and whenever the substitute is rendered liable to conscription it would seem to follow that the principal, whose place he had taken, should respond for him, as the Government had received no consideration for his exemption. Where, however, the new provision of law would fail to embrace a substitute now in the ranks, there appears, if the principal should again be conscribed, to be an equitable ground for compensation to the conscript, who then would have added to the service a soldier not otherwise liable to enrollment.

On the subject of exemptions, it is believed that abuses cannot be checked unless the system is placed on a basis entirely different from that now provided by law. The object of your legislation has been, not to confer privileges on classes, but to exonerate from military duty such number of persons skilled in the various trades, professions, and mechanical pursuits, as could render more valuable service to their country by laboring in their present occupation than by going into the ranks of the army. The policy is unquestionable, but the result would, it is thought, be better obtained by enrolling all such persons, allowing details to be made for the number necessary to meet the wants of the country. Considerable numbers are believed to be now exempted from the military service who are not needful to the public in their civil vocation.

Certain duties are now performed throughout the country by details from the army, which could be as well executed by persons above the present conscript age. An extension of the limit, so as to embrace persons over forty-five years, and physically fit for service in guarding posts, railroads and bridges, in apprehending deserters, and, where practicable, assuming the place of younger men detailed for duty with the nitre, ordnance, commissary, and quartermasters' bureaus of the War Department, would, it is hoped, add largely to the effective force in the field, without an undue burthen on the population.

If to the above measures be added a law to enlarge the policy of the act of the 21st April, 1862, so as to enable the Department to replace not only enlisted cooks, but wagoners, and other employés in the army by negroes, it is hoped that the ranks of the army will be so strengthened for the coming campaign as to put at defiance the utmost efforts of the enemy.

In order to maintain, unimpaired, the existing organization of the army until the close of the war, your legislation contemplated a frequent supply of recruits, and it was expected that before the expiration of the three years for which the men were enrolled under the act of 16th April, 1862, the majority of men in each company would consist of those who joined it at different dates subsequent to the original muster of the company into service, and that the discharge of those who had completed their term would at no time be sufficient to leave the company with a less number than is required to enable it to retain its organization.

The difficulty of obtaining recruits from certain localities, and the large number of exemptions from military service granted by different laws, have prevented sufficient accessions in many of the companies to preserve their organizations after the discharge of the original members. The advantage of retaining tried and well approved officers, and of mingling recruits with experienced soldiers is so obvious, and the policy of such a course is so clearly indicated, that it is not deemed necessary to point out the evil consequences which would result from the destruction of the old organizations, or to dwell upon the benefits to be secured from filling up the veteran companies as long before the discharge of the earlier members as may be possible. In the cases where it may be found impracticable to maintain regiments in sufficient strength to justify the retention of the present organization, economy and efficiency would be promoted by consolidation and reorganization. This would involve the necessity of disbanding a part of the officers, and making regulation for securing the most judicious selection of those who are retained, while least wounding the feelings of those who are discharged.

Experience has shown the necessity for further legislation in relation to the horses of the cavalry. Many men lose their horses by casualties of service which are not included in the provisions made to compensate the owner for the loss, and it may thus not unfrequently happen that the most efficient troopers, without fault of their own, indeed, it may be because of their zeal and activity, are lost to the cavalry service.

It would also seem proper that the Government should have complete control over every horse mustered into service, with the limitation that the owner should not be deprived of his horse except upon due compensation being made therefor. Otherwise, mounted men may not keep horses fit for the service, and the question whether they serve mounted or on foot would depend, not upon the qualifications of the men, but upon the fact of their having horses.

Some provision is deemed requisite to correct the evils arising from the long continued absence of commissioned officers. Where it is without sufficient cause, it would seem but just that the commissions should be thereby vacated. Where it results from capture by the enemy, which, under their barbarous refusal to exchange prisoners of war, may be regarded as absence for an indefinite time, there is a necessity to supply their places in their respective commands. This might be done by temporary appointments, to endure only until the return of the officers regularly commissioned. Where it results from permanent disability, incurred in the line of their duty, it would be proper to retire them and fill the vacancies according to established mode. I would also suggest the re-establishment of an invalid corps, and that the retired officers be transferred to it. Such a corps, it is thought, could be made useful in various employments for which efficient officers and troops are now detached.

An organization of the general staff of the army would be highly conducive to the efficiency of the most important branch of the service. The plan adopted for the military establishment furnishes a model for the staff of the provisional army, if it be deemed advisable to retain the distinction, but I recommend to your consideration the propriety of abolishing it, and providing for the organization of the several staff corps in such number and with such rank as will meet all the wants of the service.

To secure the requisite ability for the more important positions it will be necessary to provide for officers of higher rank than is now authorized for these corps. To give to the officers the proper relation and co-intelligence in their respective corps, and to preserve in the chief of each the influence and control over his subordinates there should be no gradation on the basis of the rank of the [illegible] may be serving by appointment. To the personal staff of a general it would seem proper to give a grade corresponding with his rank, and the number might be fixed to correspond with his command. To avoid the consequence of a discharge upon a change of duty, the variable portion of the personal staff might be taken from the line of the army and allowed to retain their line commissions.

The disordered condition of the currency, to which I have already alluded, has imposed on the Government a system of supplying the wants of the army, which is so unequal in its operation, vexatious to the producer, injurious to the industrial interest, and productive of such discontent among the people as only to be justified by the existence of an absolute necessity. The report of the Secretary on this point establishes conclusively that the necessity which has forced the [illegible] of supply to provide for the army by impressment has resulted from the impossibility of purchase by contract or in the open market, except at such rapidly-increased rates as would have rendered the appropriations inadequate to the wants of the army. Indeed, it is believed that the temptation to hoard supplies for the higher prices which could be anticipated with certainty has been checked mainly by the fear of the operation of the impressment law; and that commodities have been offered in the markets principally to escape impressment and obtain higher rates than those fixed by appraisement. The complaints against this vicious system have been well founded, but the true cause of the evil has been misapprehended. The remedy is to be found, not in a change of the impressment law, but in the restoration of the currency to such a basis as will enable the Department to purchase necessary supplies in the open market, and thus render impressment a rare and exceptional process.

The same remedy will affect the result universally desired, of an augmentation of the pay of the army. The proposals made at your previous sessions to increase the pay of the soldiers by an additional amount of Treasury notes would have conferred little benefit on them, but a radical reform of the currency will restore the pay to a value approximating that which it originally had, and materially improve their condition.

The reports from the Ordnance and Mining Bureaus are very gratifying, and the extension of our means of supply of arms and munitions of war from our home resources has been such as to insure our ability soon to become mainly if not entirely independent of supplies from foreign countries. The establishments for the casting of guns and projectiles, for the manufacture of small arms and of gunpowder, for the supply of nitre from artificial nitre beds, and mining operations generally, have been so distributed through the country as to place our resources beyond the reach of partial disasters.

The recommendations of the Secretary of War on other points are minutely detailed in his report which is submitted to you, and extending as they do to almost every branch of the service, merit careful consideration.

EXCHANGE OF PRISONERS.

I regret to inform you that the enemy have returned to the barbarous policy with which they inaugurated the war, and that the exchange of prisoners has been for some time suspended. The correspondence of the Commissioners of Exchange is submitted to you by the Secretary of War, and it has already been published for the information of all now suffering useless imprisonment. The conduct of the authorities of the United States has been consistently perfidious on this subject. An agreement for exchange in the incipiency of the war had just been concluded when the fall of Fort Donelson reverted the previous state of things, and gave them an excess of prisoners. The agreement was immediately repudiated by them, and so remained till the fortune of war again placed us in possession of the larger number. A new cartel was then made, and under it, for many months, we restored to them many thousands of prisoners in excess of those whom they held for exchange, and encampments of the surplus paroled prisoners delivered up by us were established in the United States, where the men were able to receive the comforts and solace of constant communication with their homes and families. In July last the fortune of war again favored the enemy, and they were enabled to exchange for duty the men previously delivered to them, against those captured and paroled at Vicksburg and Port Hudson. The prisoners captured at Gettysburg, however, remained in their hands, and should have been at once returned to our lines, on parole, to await exchange. Instead of executing a duty imposed by the plainest dictates of justice and faith, pretexts were instantly sought for holding them in permanent captivity. General orders rapidly succeeded each other from the bureaux at Washington, placing new constructions on an agreement which had given rise to no dispute while we retained the advantage in the number of prisoners. With a disregard of honorable obligations, almost unexampled, the enemy did not hesitate, in addition to retaining the prisoners captured by them, to declare null the paroles given by the prisoners captured by us in the same series of engagements, and liberated on condition of not again serving until exchanged. They have since openly insisted on treating the paroles given by their own soldiers as invalid, and those of our soldiers, given under precisely similar circumstances, as binding. A succession of similar unjust pretensions has been set up in a correspondence tediously prolonged, and every device employed, to cover the disregard of an obligation which, between belligerent nations, is only to be enforced by a sense of honor.

No further comment is needed on this subject, but I may be permitted to direct your special attention to the close of the correspondence submitted to you, from which you will perceive that the final proposal made by the enemy, in settlement of all disputes under the cartel, is, that we should liberate all prisoners held by us, without the offer to release from captivity any of those held by them.

In the meantime, a systematic and concerted effort has been made to quiet the complaints in the United States of those relatives and friends of the prisoners in our hands who are unable to understand why the cartel is not executed in their favor, by the ground-

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THE TWO MESSAGES.

We print this morning, as a curiosity in political history, the message of Jefferson Davis to a company of gentlemen now assembled at Richmond calling themselves a Congress of the Confederate States of America. Mr. Davis finds nothing to write but apologies and defiance. We can easily see that he is a most unhappy man. Things, he admits, are very bad with the insurrection, but they are scarcely as bad as they seem. He tells his friends that there was a battle at Gettysburg and that the Federal army was "punished:" that there were other battles in the West. East Tennessee was lost by what he is pleased to consider the cowardice of the men in command at Cumberland Gap. He had not heard of the final retreat of Longstreet, but alludes to a rumor to that effect being in circulation. The battle of Chickamauga was "one of the most brilliant and decisive victories of the war;" but, unfortunately, there was another battle in which some of his troops "inexplicably abandoned positions of great strength," and the result was that Bragg was compelled "to retire his whole army." These troubles and apologies do not daunt Mr. Jefferson Davis, for he finds "cause for congratulation in Louisiana and Texas." Our last information from Texas left Banks master of the Rio Grande; and, so far as Louisiana is concerned, the Union flag floats over its great city, and its people are knocking at the door of Congress for readmission into the Union.

Mr. Davis finds trouble in his finances and foreign relations. Things look badly enough in Tennessee and Virginia, in a military way, but they look infinitely worse in Europe, in a diplomatic way. The foreign Powers have been guilty of the most wanton perfidy towards this unhappy, trusting and ambitious man. England is marked for especial denunciation. England broke her treaties, disregarded the treaty of Paris by refusing to disregard the blockade of the Southern coast, and prohibited Southern pirates from taking their booty into English ports. Nor would she allow her citizens to build ships to make war upon a friendly people! Mr. Davis is very ungrateful. He forgets that England by recognising his contrivance as a belligerent Power gave it the only merit it ever possessed in the eyes of the world. England said in the beginning (as we think unjustly) that if the Southern traitors could break down this Government they were at liberty to do it—she would do nothing to deter them; on the contrary, she would cheer them on. This ungrateful Jefferson Davis snarls even at that courtesy, and is angry because England does not go farther and join him in his enterprise. Even this might be submitted to if the insurgents could only pay their way. But there are more troubles and losses for this Jefferson Davis. "No sighs but of my breathing, no tears but of my shedding; the curse never fell upon my nation until now." Was there ever such an unfortunate man? He makes money—well-written and tolerably well-printed money—but the people will not take it. "The patriotic and devoted people of the South" like Jefferson Davis and his contrivance well enough; so he says. They fight, (when conscripted,) they cheer his speeches, and talk loudly; but when they are asked to part with their corn, and flour, and bacon for the well-written and tolerably well printed paper called money, they object. They like corn, and flour, and bacon because they are material things; they like the [illegible] as an immaterial thing, but they have too keen an idea of the value, and difference in value of material and immaterial things, to take paper for money, or to accept as valid the promises to pay of men who are bankrupt in name and purse. There is another source of trouble in the trans Mississippi department. The "successes in Louisiana and Texas" have not enabled him to retrieve the disaster of Vicksburg. So he proposes that what he calls the "Trans Mississippi Department" shall be made a separate government or dependency. It cannot be ruled by the Richmond people, therefore he suggests that a Government be sent over the river to it, with power to establish a new Post Office Department, and other departments necessary to manage affairs. We commend Mr. Davis for the ingenuity of the suggestion, but men will certainly think that any such admission simply means that he has been whipped out of the countries beyond the Mississippi, and that a pretence to hold them by virtue of any delegated or divided powers is a trick unworthy even of the rebellion.

The country has just read the message of Abraham Lincoln; let it now read the message of Jefferson Davis. Let it compare their temper. In one we see power and benignity, kindness to foreign nations, compassion for the misguided rebels, a spirit of charity and love. In the other [illegible] hatred and animosity and bitterness, vain threats to repeat towards Great Britain the Milan and Berlin decrees of the great Napoleon, discontent with his own friends; a currency that will not pass; a "loyal" people whose persons must be conscripted and property "impressed" into the military services of a cause they are said to love so well. Abraham Lincoln speaks like a just magistrate and a Christian gentleman—as one who speaks in the name of victorious armies in the East and West. Jefferson Davis speaks like a baffled, angry, vindictive man—as one who has played for a great stake, and, having lost it, tears his hair and gnashes his teeth, and rails at mankind. He talks of "inhuman practices," "intolerable cruelty," "malignity," "Northern men hardened of crime," and the "horrible barbarities" of Northern generals. How treason has debased the once elegant and courtly Senator! His message is a fair type of the reeling insurrection over which he presides—just as the message of Abraham Lincoln is a fair type of this great nation. We submit these papers to the world, and with them would be willing to [illegible] the argument on behalf of the Republic and the rebellion.

THE REPORT OF THE SECRETARY OF THE TREASURY.

It is perhaps a selfish, and certainly not an agreeable, idea but, in looking at the present state of our armies and navy, we feel a deep interest in knowing what the whole costs. The President told us one gratifying fact, that we had not spent within five millions of our income during the past year. The people will take Mr. Lincoln's figures and feel satisfied without asking any further questions. It recalls the quaint advice of Mr. Wilkins Micawber, "income, twenty shillings; expenditures, nineteen shillings and sixpence; result, happiness. Income twenty shillings; expenditures, twenty shillings and sixpence; result, misery." We might sum up the report of the Secretary of the Treasury in this sentence, and thus end our review; but we are still anxious to know how this man who is now the Secretary of the Treasury has managed the purse of the nation that we have been able to fight the greatest war of modern times, and at the same time pay every dollar of its obligations, and commence the year with money in our pocket.

Let us say this in the beginning as our first thought in reading the report of the Secretary of the Treasury: he has not been mistaken in any calculation he has made. We except the internal revenue tax; but even this can hardly be a just exception, for the machinery of the internal revenue was arranged for the Secretary by Congress. It was something more than a mere system for raising additional revenue, for it involved a machinery more intricate and detailed than any under the Government. It was new to this country of large domains, whose citizens are shifting and moving, and never at rest, and we cannot expect to receive from it a gain as prompt and certain as that obtained from the income tax in England, or similar taxes in France. Therefore, the failure of the estimate of the Secretary must not be attributed to any want of judgment, but to circumstances that could not possibly be controlled. In every other respect our financial system has been a perfect success. It has been a bold system. The labors of Hercules could scarcely have appeared more arduous than the labors of a Secretary of the Treasury who proposed to meet the expenses of a war of the magnitude of the present war against the rebellion. He has not only paid these expenses, but he has established a new financial system. Old abuses have been corrected, new theories have been successfully tried, and we may look forward to a plan of finance, and industry and commerce, general prosperity and revenue, as perfect as that of England or Holland, and more adapted to the wants of this great nation. The Secretary has done much for us as a nation at war. He has done more for us as a nation at peace.

There are two features of this great system that will always be regarded as marvels of financial statesmanship—the popular loan and the national banking system. By calling for a popular loan the Secretary made the first great appeal that had been made to the people as a nation. The people responded. They were asked to show their belief in a nationality by taking up arms and fighting. They answered this call. They were asked to show their belief in a nationality by giving their money to carry on the war. Then we had the popular loan. It came to pass as though he that willed it had been gifted with the power of the patriarch who smote the rock of Horeb. The wealth of the people streamed and gushed like water from the stone, and the thirsty tribes were glad. Men marvelled at what they saw—young men and old men going forth to war, and those who could not go, giving the hoarded possessions of years to keep their sons and brothers in the field. The Secretary of the Treasury, by thus invoking the national spirit, brought money to the exchequer and united the people to the Government by a stronger tie than had ever existed. Every man who had a dollar in the popular loan was bound up in the prosperity of the country to the value of that dollar, and had a moneyed interest in its success, just as he had a moneyed interest in his bonds and mortgages and personal property. While doing this, the Secretary has also secured and popularized our banking system, so that henceforth the advantages that were monopolized by the few to the injury of the many will be free to all the people. He has gained a fame as lasting as that of the great minister of William III, who, while his master was defending the cause of liberty in the Low Countries, and fighting for the English flag on land and sea, so directed the resources of England that she became in time what she is now, the richest nation on the earth.

These are the impressions that we receive from perusing the great report of the Secretary. He has done his work well. We do not forget that in doing it he has been sustained by a rich and vigorous people; but we cannot fail to admire and applaud the consummate and splendid statesmanship by which he has strengthened and consolidated the resources of the people, and enabled us to conduct this war with less embarrassment and distress than any previous war in the history of the world.

THE GREAT SEAL OF WEST VIRGINIA.

Nothing more strikingly establishes the *status* of certain politicians than the manner in which they opposed the bill erecting West Virginia into a State of the Union, and the manner, also, in which they oppose the admission of the Senators and Representatives chosen by the people and the Legislature of the State to seats in Congress. We assumed that the constitutional question involved in this case was adjusted and disposed of by the able and experienced jurists who sustained and carried through the bill creating West Virginia a sovereign State of the Union.

Curiously enough, those who most strenuously opposed the creation and admission of West Virginia as a State and who assailed the reception of her Senators and Representatives in Congress, have never been willing to deny that a sovereign State may secede, but have found plenty of arguments to sustain that wrong. The true cause of this hatred to the new State of West Virginia grows out of the fear, (well-founded as it is we fancy) that it was destined to be a free commonwealth, and that its leaders and public men are anti slavery men.

In illustration of this remark, and to show how resolutely the leaders of sentiment in West Virginia have determined to make Freedom the corner-stone of that new member of the National family, we refer to the great seal which has been adopted by the Legislature of that State. We are indebted to the Hon. P. G. Vanwinkle, new Senator in Congress for the long term from West Virginia, for a photograph of this seal, and for the following description of it, contained in the report made by that gentleman while a member of the Legislature as chairman of the Joint Committee on Seals:

> The obverse to bear the legend, "*State of West Virginia*," the constitutional designation of our Republic, which, with the motto "*Montani semper liberi*" (in English, "Mountaineers always free,") is to be inserted in the circumference. In the centre, a rock with ivy, emblematic of stability and continuance, and on the face of the rock the inscription "June 20, 1863," the date of our foundation, as if "graved with a pen of iron in the rock forever." On the right of the rock, a farmer clothed in the traditional hunting shirt peculiar to this region, his right arm resting on the plow handles, and his left supporting a woodman's axe, indicating that while our territory is partially cultivated, it is still in process of being cleared of the original forest. At his right, a sheaf of wheat and a cornstalk. On the left of the rock, a miner, indicated by a pickaxe on his shoulder, with barrels and lumps of mineral at his feet. On his left, an anvil, partly seen, on which rests a sledge hammer, typical of the mechanic arts, the whole indicating the principal pursuits and resources of the State. In front of the rock and figures, as if just laid down by the latter and ready to be resumed at a moment's notice, two hunter's rifles, crossed, and surmounted at the place of contact by the Phrygian cap, or cap of liberty, indicating that our freedom and independence were won and will be defended and maintained by arms.
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> The above to be also the legend, motto, and device of the less seal, the disc of which should have a diameter of an inch and a half.
>
> The reverse of the great seal to be encircled by a wreath composed of laurel and oak leaves, emblematic of valor and strength, with fruits and cereals, productions of our State. For device, a landscape. In the distance, on the left of the disc, a wooded mountain, and on the right, a cultivated slope with the log frame house peculiar to this region. On the side of the mountain, a representation of the viaduct on the line of the Baltimore and Ohio railroad, in Preston county, one of the great engineering triumphs of the age, with a train of cars about to pass over it. Near the centre, a factory, in front of which a river with boats on the bank, and to the right near the foreground a derrick and shed appertaining to the production of salt and petroleum. In the foreground, a meadow with cattle and sheep feeding and reposing, the whole indicating the leading characteristics, productions, and pursuits of the State at this time. Above the mountains &c., the sun emerging from the clouds, indicating that former obstacles to our prosperity are disappearing. In the rays of the sun, the motto "*Libertas e Fidelitate*," (in English, liberty from loyalty,) indicating that our freedom and independence are the results of faithfulness to the principles of the Declaration of Independence and the National Constitution.

Grover's Theatre—Complimentary Benefit to Mr. Grover.—The theatre of Mr. Grover was filled last evening with a large audience, the occasion being a complimentary benefit to the lessee and manager. We noticed a number of our most distinguished guests and visitors present—the Secretary of State and the Assistant Secretary of State occupying a box; the Russian Admiral and suite; the Russian Minister, Mr. Stoeckl; and the French Minister, M. Mercier, being also present. The house was beautifully decorated with the flags of all nations, the American flag being prominent. Mr. Grover may well feel proud of the compliment thus paid him by the citizens of Washington. He has deserved this confidence by keeping a good theatre and presenting the highest attractions on the stage.

The Rebel Congress.—From private advices received in this city yesterday, it is understood that the present meeting of the rebel Congress will be a very short one, and that the conservative members from North Carolina will warmly urge upon the Southern people the policy of an immediate reconstruction.

FROM THE ARMY OF THE POTOMAC.

Accounts from the Army of the Potomac last night say all reports to the effect that General Meade has been superseded were unfounded, up to a late hour last night, at least, so far as was known at headquarters. General Meade, day before yesterday, forwarded his report of the recent movement South of the Rapidan to the War Department.

It is asserted that the retrograde movement is fully endorsed by almost every officer of the army. All the corps are busily engaged in making themselves comfortable. Beyond this no active operations are visible.

MAJOR GENERAL HALLECK'S REPORT

Owing to the great length of the report of Major General Halleck, made to the Secretary of War, we are precluded from publishing it entire this morning; but, without doing injustice to this able and deeply interesting paper, we may say, after casually glancing over it, that it gives a summary of military operations during the past year. Referring to Lee's invasion of Maryland and Pennsylvania, he says, "To General Meade belongs the honor of a well earned victory in one of the greatest and best fought battles of the war." When the rebel army was about to move on those States, General Dix sent all his available force from Norfolk and Fortress Monroe up York river for the purpose of cutting off Lee's communications with Richmond, and of attacking the place, which was known to be at that time defended by only a handful of militia. The expedition failed to accomplish the single object for which it had been fitted out. The failure resulted, it is alleged, from the inefficiency of one of the generals commanding.

In speaking of the attack on Fort Sumter on the 7th of April, he says: "It being unsuccessful, nothing apparently remained to be done by the land forces. A siege of Charleston and its defences by land had never been contemplated, and therefore was no part of the plan."

Referring to the events in connection with Vicksburg, he says: "No more brilliant exploit than that of General Grant can be found in military history."

It having been alleged and extensively published that General Grant had disobeyed the orders of his superiors, General Halleck says the former never disobeyed an order or instruction, but always carried out to the best of his ability every measure or suggestion made to him by the Government; nor did he ever complain that the Government did not furnish him with all the means and assistance in its power to facilitate the execution of any plan which he saw fit to adopt.

While Major General Grant was operating before Vicksburg, information, deemed reliable, was received that large detachments were being drawn from Bragg's army to reinforce Johnston in Mississippi, and accordingly General Rosecrans was required to advance from Murfreesboro in order to take advantage of Bragg's demoralized numbers, and drive him back into Georgia, and thus free loyal East Tennessee from the rebels. But General Rosecrans, in a dispatch, counselled "caution and patience at headquarters." General Halleck plainly told him that by five or six months of inactivity of his army it was not to be supposed that his "patience" was not "pretty well exhausted." Several communications passed on this subject, and, finally, on the 25th of June, General Rosecrans commenced his movement.

General Halleck says, as three separate armies were to operate in the same field, it seemed necessary to have a single commander in order to secure a more perfect co-operation than had been obtained with the separate commands of Burnside and Rosecrans.

General Grant, by his distinguished services and superior rank to all others at that time in the West, seemed entitled to this general command, and, therefore, it was conferred upon him.

General Halleck concludes by saying, among other things: "It is seen from the foregoing summary of operations during the past year, that we have repelled every attempt of the enemy to invade the loyal States, and have rescued from his domination Kentucky and Tennessee, a portion of Alabama and, Mississippi, and the greater part of Arkansas and Louisiana, and restored the free navigation of the Mississippi river.

"Heretofore the enemy has enjoyed great advantage over us in the character of his theatre of war.

"He has operated on short and safe interior lines, while circumstances have compelled us to occupy the circumference of a circle. But the problem is now changed. By the reopening of the Mississippi river, the rebel territory has been actually cut in twain, and we can strike the isolated fragments by operating on safer and more advantageous lines."

United States Colored Troops.—The number of these troops recruited by Colonel William Birney, in Maryland and the Eastern Shore of Virginia, between the 6th of July and the 1st of December, 1863, is 3 110. The following statement shows the number recruited in each county:

Worcester county, Md.	335	Washington co's, Md.	67
Somerset "	59	Carroll "	31
Dorchester "	300	Howard "	31
Talbot "	401	Anne Arundel "	7
Caroline "	2[illegible]	Prince George "	15
Queen Ann "	21[illegible]	Charles "	19
Kent "	2[illegible]	St. Mary's "	121
Cecil "	5	Calvert "	1[illegible]6
Baltimore "	541	Northampton co., Va.	57
Harford "	14	Accomac "	562
Frederick "	49		
		Total	3 110

The above does not include the First and Second regiment, U. S. C. T., recruited, in great part, by Colonel Birney, at Washington.

The counties above named are entitled to credit for each colored recruit on its quota under the draft.

A Card.

To the Editor of the Daily Morning Chronicle:

Sir: In your Friday's issue I notice what purports to be a synopsis of a speech delivered by the brother of John Brown, at the Union League Hall, on Wednesday evening. Your reporter states that I asked permission, at the conclusion of Mr. Hunnicutt's address, to speak. This is a mistake, as the following statement will prove:

At the close of Rev. Mr. Hunnicutt's address, the refugees from Virginia called a meeting for the purpose of organizing a relief association. Feeling an interest in the movements of these proscribed sons of Virginia, I took a seat amongst them until the time when I thought that the meeting was about to adjourn, when I retired with the purpose of leaving the hall. As I was about passing through the door, a gentleman accosted me and desired that I should remain a few moments. After taking my seat by the stove, a gentleman arose and announced that a brother of John Brown was present, and desired that he be invited to speak. The announcement was well received, and, on motion, it was unanimously resolved that I should be invited to address the meeting. From the above you will perceive the error in your reporter's statement. In the same article, I am represented as saying, I "admitted being John Brown's brother. While that was no credit to himself, it certainly was no disgrace." I said, "While I claim no credit by virtue of being John Brown's brother, I am not ashamed to own that I am such." I am also represented as saying, "That four years after he witnessed his brother's execution in Virginia, on the anniversary of that day he saw the crowning section of the Statue of Freedom raised to its place on the dome of the Capitol." I distinctly stated to the meeting that I was at Wheeling, Va., on the day of my brother's execution, for the reason that I could get no answer from Gov. Wise to my telegraph, asking permission to be with my brother at the closing scenes of his life. I further stated that it was a remarkable coincidence that, four years from my brother's execution, I witnessed the crowning of the Goddess of Liberty at the Capitol.

I make these corrections, as I do not desire to have the impression made upon the public that I seek to make myself notorious at public gatherings, or that I desire to misrepresent historical facts.

If any person desires to know to what extent I endorse the acts of John Brown, I answer as a good old Congregational deacon did when asked the same question, "As far as God endorses him," and I advise others to do the same, unless they be found fighting against the Lord!

FREDERICK BROWN.

Washington, Dec. 11, 1863

The steamer Silas O Pierce left Fortress Monroe on the 10th inst. for City Point, under a flag of truce. She takes Government dispatches in reference, as is supposed, to an exchange of prisoners. Dr. Barclay, of Philadelphia, left at the same time with the hope of being able to visit Richmond to aid the Union prisoners.

The *Cotton States*, published at Gainesville, Florida, says a telegram received at headquarters, Lake City, states that the Suwannee river is blockaded. The steamer Union destroyed the Lila, supposed to be the Laura, at City Landing. Thus ends the blockade running for that port.

The Louisville *Journal* has advices which it credits, that the rebel General Morgan was in Cumberland county, Kentucky, on the morning of the 7th instant, in company with five of his officers, proceeding towards the South.

A fire occurred at Amboy, Ill., on the 10th inst. destroying ten or fifteen buildings. Loss $35,000.

The Confederate cotton loan in London at last accounts was at 57 to 59.

LATEST NEWS.

BY TELEGRAPH TO THE CHRONICLE

THE PIRACY AT CAPE COD.

IMPORTANT RUMOR.

STEAMER CHESAPEAKE BURNED.

THE REBELS LANDED AT HALIFAX.

CONFLICTING REPORTS.

New York, December 11.—Rumors are afloat that the Chesapeake has been burned, and the pirates have landed at some place near Halifax. The report that her cargo was shipped by Southern agents here, to run the blockade, are false. All the consignees are well known to the owners of the vessel, and are regular shippers by the route.

ANOTHER REPORT.

Portland, December 11.—The agents of the steamer Chesapeake have evidence that her cargo was owned exclusively by American and Canadian merchants, and was not intended to run the blockade. Neither had she ever been a Southern vessel, or attempted to run the blockade.

The Collector at Eastport telegraphs the Collector at Portland, that Mr. Vullen left Pabllco ten miles south of Garmouth, last Monday, and reports that three French vessels, laden with coal, were lying in the harbor

The Pirates Reported at Shelbourne.

Portland, December 11.—The vice-consul at Halifax telegraphs to Collector Washburne that there is a steamer in Shelbourne answering the description of the Chesapeake.

She attempted to coal at Halifax last night.

Government was applied to to arrest the pirates, but no encouragement was given for want of evidence of the murder committed. An affidavit will be made to-day. The officials are deliberating upon it.

The gunboat Agawam, then in pursuit of the Chesapeake, arrived at Rockland to-day, short of coal. She awaits orders.

Further Concerning the Chesapeake.

It is stated by the owners of the captured steamer Chesapeake that there is little probability of the pirates now in charge of her taking the vessel into Wilmington, N. C., as she was not built for that trade, and could not be got up the river. It is possible, however, her captors may attempt to shelter the steamer under Fort Gaslie, one of the fortifications in the hands of the rebels on Smith's Island, about forty miles below Wilmington. Should they do this, it would only be with a view to discharge the cargo and burn the vessel; for to get her out to sea again from that point would be next to impossible, as her whereabouts could not be concealed from the blockading fleet. It is now known the Chesapeake did not leave St. John's until after 4 o'clock Wednesday morning, and it is thought probable she will waylay some steamer, "coal up," and endeavor to reach some free-trade port.

If this programme is pursued there is but little doubt of her capture, as prompt measures have been taken to overhaul her by the proper authorities. The captain and crew of the Chesapeake probably arrived at Portland yesterday. They are expected in this city to-day, when full particulars can be obtained. The Chesapeake is of the same size, and nearly the same model as, the Sumter, but is a much stronger and faster vessel. Should the pirates succeed in escaping the vigilance of our gunboats, and properly arm her, she will prove a formidable foe to our commerce.

Efforts to Capture the Pirates.

As before stated, on receipt of the information that the steamer Chesapeake was captured by a band of rebel passengers, Admiral Paulding, of the Brooklyn navy yard, telegraphed a statement of the case to the Secretary of the Navy. The dispatch had hardly been received when Mr. Welles telegraphed back to the Admiral to select a fleet of the fastest vessels at the yard, to charter some others, if thought necessary, and send them after the captured vessel. All day Tuesday the yard swarmed with naval officers, eager to tender their services for the chase. The owners of the Chesapeake were also at the yard, and conveyed over an oil painting of their vessel, which was inspected by all the officers about to search for her. About noon the Admiral selected the splendid steamer Grand Gulf, the new screw propeller Vicksburg, recently purchased, with a fleet of vessels from the Neptune Steamship Company, the United States steam gunboat Sebago, and the chartered steamer Potomac, which resembles the Chesapeake.

The vessels had hardly received orders to prepare for sea than the navy-yard presented a scene of the most unusual activity. Sea-stores, provisions, and all other necessaries were hurried on board with the greatest dispatch; officers and sailors hastily picked up all their necessary luggage and got themselves ready for a cruise. The vessels which were short-handed received additions of men from the receiving ship North Carolina, a portion of whose sailors were also sent on board the Potomac. The latter vessel also received a pretty formidable armament—one of which will enable her to give a good account of the prize if she sees her. It is stated also that orders have been sent from the Navy Department to Philadelphia and Boston, ordering the commanding officers of those naval stations to send away immediately such vessels as are ready at the yards commanded by them. Another rumor says that the Sassacus, one of the fastest ships in the navy, which recently made seventeen miles an hour on her way to Washington, was sent from the national capital on Thursday to search for the Chesapeake. The Sassacus is commanded by Commander Roe.

At 8 o'clock, on Thursday afternoon, being ready for sea, the following fleet left New York harbor: United States steamer Grand Gulf, (new;) the steam gunboat Sebago, and the United States steamer Vicksburg.

Lieut. Hoey, of the navy, was deputed to command the Potomac, which vessel also went away late on Thursday evening.

The commanding officers of the vessels which left had instructions, in case they met other fast steamers of the navy cruisers, to request their commanders to search for the Chesapeake.

A private dispatch from Philadelphia states that the new steamer Kansas, recently built for the navy there, is also ordered to sea.

FROM CHATTANOOGA.

General F. P. Blair en route for Washington—General Sherman to Leave for Knoxville with a Heavy Force—Deaths in the Hospitals—Guerrillas Active between Chattanooga and Knoxville.

Chattanooga, December 10.—General F. P. Blair and Gen. G. U. Wilson, of General Grant's staff, arrived from Knoxville to-day. General Blair goes to Congress immediately. General Sherman will leave in a few days with a heavy force for Knoxville. Two hundred and seventy-four men died of wounds and disease in the Chattanooga hospitals in the last seventeen days.

Guerrillas are active between Chattanooga and Knoxville.

FROM HAVANA.

The San Domingo Rebellion—Three Hundred Insurgents Give Themselves Up—Reported Capture of Rojas and two other Leaders.

New York, December 11.—The steamer Eagle, from Havana, has arrived here.

Fifteen highway robbers have been arrested near Havana. One of them was executed.

The English bark Ostario and the Spanish bark Pacifica have been wrecked on the Cuban coast. The cargo of the Ostario was mahogany, and the latter, 5,000 barrels of flour.

A report had been received at Havana, that over 300 of the San Domingo insurgents have delivered themselves up to the Spanish authorities.

Rojas, and two other leaders in the rebellion, were also reported captured in Hayti, and at the disposal of the Government.

Steamer Illinois.

Fortress Monroe, December 11.—The steamship Illinois, from Aspinwall, December 3, put into Hampton Roads this morning for coal. She has five hundred and forty passengers.

FROM TEXAS.

Governor Hamilton at Brazos—Arrival of Texan Prisoners at New Orleans.

Cairo, December 11.—General Hamilton, military governor of Texas, reached Brazos on the 24, and would enter upon the duties of his office as soon as possible.

The steamer McClellan, which arrived at New Orleans on the 31 instant, brought the rebel prisoners captured on Mustang Island. Among them are a number of officers.

Five-Twenties.

Philadelphia, December 11.—The subscription agent reports the sale of $595 700 in five-twenties to-day; one-half from New York, the balance from Boston, Philadelphia, Washington, and the West.

Movements of General Banks.

Cairo, December 10.—General Banks and staff arrived at New Orleans on the 31 inst., from Brazos, Texas.

LATER FROM EUROPE.

THE REBEL STEAMER RAPPAHANNOCK SEIZED BY THE FRENCH CUSTOM AUTHORITIES.

SUBSEQUENT RELEASE OF THE VESSEL.

THREE OTHER STEAMERS FITTING OUT IN THE THAMES.

Effect of England's Refusal to Take Part in the European Congress.

Large French Deficit.

CONTINUED AGITATION IN GERMANY.

Polish Affairs Still Unchanged.

RUMORED DEATH OF LORD ELGIN.

New York, December 11.—The steamer Canada, from Liverpool, has arrived. Additional advices received from Calais say that the steamer Rappahannock was seized by the French custom authorities. She sailed from Sheerness, England, on the 26th, in an unfinished state, and had a gang of carpenters on board. She is pierced for eight guns. The Americans in London observed the 26th of November as a day of thanksgiving. Business was suspended, and the American legation and consulates attended a grand banquet given at St. James' Hall under the presidency of Robert J. Walker. The banquet was attended by Mr. Adams, secretary of the legation, and many prominent Americans.

FRANCE.

Advices from Paris hint that England's refusal to attend the Congress may lead France to form a new and more intimate alliance elsewhere.

The French deficit, owing to the Mexican and Cochin China wars, is reported at £10,000 000. It was rumored that Fould is about to propose a loan of 300,000,000 francs.

GERMANY.

The agitation in Germany continues. It is reported that a committee of the Federal Diet decided to propose immediate adoption of Federal execution in Holstein.

The Chamber of Deputies unanimously recognised the rights of Prince Augustenburg, and promised the support of the Government.

Four divisions of the Prussian army, under orders, were ready to take the field. They number thirty-five thousand men.

A resolution was pending in the Prussian Chamber to place all means at the disposal of the Government for an energetic guardianship of German rights at Wurtemburg. The Government urges the immediate occupation of Holstein by the Federal troops.

ITALY.

Turin journals say that soldiers on furlough are being recalled, and that the garrisons are being increased in the Venetian provinces, and the work on the fortifications is being accelerated.

SPAIN.

The Senate has voted an address in response to the Queen's speech.

POLAND.

Polish affairs remain unchanged.

Two hundred public functionaries have been arrested at Warsaw, and condemned to Siberia.

INDIA AND CHINA.

Telegrams announce the alarming illness of Lord Elgin on the 14th of November. He was fast sinking. The *Times* announces that his Lordship was dead, but the information is not wholly reliable.

A letter from Shanghai says Burgevine has got tired of his rebel friends and has given himself up to Major Gordon, having previously been pardoned through the exertions of the American consul.

VERY LATEST.

London, November 29.—The Paris Bourse closed flat yesterday at 66f. 80c.

The German Diet refused to receive the Danish representative.

The officers of the French customs have released the steamer Rappahannock. She is said to be one of the four vessels lately sold by the British Government to the Confederates. The other three are fitting out on the Thames for Confederate service.

Guerrillas on the Cumberland River—Rebel Prisoners Passing Through Louisville.

Cincinnati, December 11.—A dispatch from Louisville says the guerrillas in Cumberland, Wayne, and Clinton counties are very troublesome. They often make raids across the Cumberland river, destroying property and conscripting citizens. They are generally believed to be rebel citizens, who take this method of robbing Union men. Forty-two hundred Chattanooga prisoners have passed through Louisville.

KENTUCKY LEGISLATURE.

Hon. James Guthrie to be United States Senator—Vote of Thanks to Grant and Burnside.

Cincinnati, December 11.—It is generally believed that Hon. James Guthrie will be elected United States Senator by the Kentucky Legislature.

A vote of thanks to Grant and Burnside was offered in the Senate to-day.

Snow in Philadelphia.

Philadelphia, December 11.—There was a light fall of snow this afternoon.

EXCHANGE OF PRISONERS.

LETTER FROM GENERAL HITCHCOCK.

FURTHER VINDICATION OF THE GOVERNMENT

General E. A. Hitchcock, in further vindication of the action of the Government in the matter of exchange of prisoners, quotes, in a communication to the New York *Times*, a letter addressed by Colonel William Ludlow (as Agent of Exchange) to the rebel Commissioner Ould, in which Colonel L. expressly declines to acquiesce in a proposition for the release of the officers captured and paroled by General Grant at Vicksburg. General Hitchcock also quotes from the Richmond *Enquirer* of the 24 inst., which recites a portion of the language of the rebel act of Congress on the question of the treatment of the colored troops and their officers. "Here," says General Hitchcock, "we see that the law, *as it stands*, applies even to *free colored men of the North* who may engage in the service of the United States; and the editor takes occasion to suggest a modification of the law, so far as they are concerned; but there is not a word against the law in other respects. As the law is applicable to both the slaves and the free colored people of the South who may be found in the army of the Government, they are to be dealt with according to the provisions of the law, which is all the more distinctly declared by the proposed exception in favor of the free colored people of the North.

"But the editor did not intend to leave the smallest doubt as to the purpose of the South on this question; for, after stating an exception in favor of the free colored men of the North, which, however, the law as it stands does not recognize, he proceeds to remark as follows:

"Here, then, is the law of nations under which the right to return a slave to his master is plainly and fully laid down, and upon this, and also upon the right to punish him for being found in the ranks of the enemy, the Confederate authorities will stand, and from which they will not depart."

General Hitchcock concludes his letter as follows:

"In view of this expose no one can doubt the purpose of the South on the subject of colored troops who may be captured in the service of the Government; and it is inconceivable how any one can favor the proposition of a general exchange of prisoners while the law of the South is what their own papers represent and approve, and while the practice unhappily, according to a good deal of evidence, goes beyond the law itself in barbarity. It may just be remarked that the Richmond editor treats the question as one between two nations already acknowledged as independent; but the recognition of certain belligerent rights, principally affecting prisoners of war, does not relieve rebels from obligations under the Government and laws of the United States. The *jus postliminii*, which even Wheaton calls a fiction of the Roman law, is wholly inapplicable here; and the *right* of the South to *punish* any one is without foundation, and must remain so until all rights over the South under the General Government shall cease; and this has now become a question of power as between the Federal Government and the rebellious movement in the South, to reduce which involves the very life of the Union and the Government of the United States of America.

"Very respectfully, your obedient servant,

"E. A. HITCHCOCK."

THE PRESIDENT'S MESSAGE.

What is Thought of the President's Message to Congress.

It may be interesting to read the opinions of some of the leading newspapers of the country on the message of the President.

"IN HOC SIGNO VINCES."

[From the New York Tribune.]

When the loyal North, through the President, proffers amnesty and restoration on the simple condition of acquiescence in universal freedom until Congress or the Supreme Court shall decide that this is a condition which the President had no right to impose, why should any stand out? And how can liberal Europe withhold her ardent, active sympathy from the cause that asks nothing from its deadly enemies but that they let the oppressed go free? The *Times* will still misrepresent and the *Saturday Review* defame us as usual; the aristocracy may still frown or sneer; but the masses of Europe, already instinctively our friends will be impelled by this proffer to a more general and hearty enthusiasm in behalf of that Union which now represents, even more emphatically than hitherto, the aspirations of honest and struggling labor throughout the civilized world. *Thanks then to our President, for the wise humanity and generous impulses which prompted the issue of his proclamation of amnesty! It must be that in this sign we shall conquer!*

"WE CAN ONLY HOPE."

[From the New York Herald.]

We are now adrift at sea beyond our ancient landmarks, and upon what shore we may reach the anchorage of peace it would be vain to conjecture. *We can only hope* that from the very agitation which the restoration plan of the message will create we may reach some satisfactory "half-way house of rest."

STATE SUICIDE.

[From the New York Journal of Commerce.]

The general scope of the President's plan may be said to be of the extreme radical sort. He almost, but not quite, recognizes Mr Sumner's State suicide theory. He ignores the present existence of State Governments, regards them as defunct, and anticipates a sort of territorial reorganization. In this view he is neither sound nor consistent. But what are soundness and consistency worth in our day?

PEACE AND HONORABLE PARDON.

[From the New York Evening Post.]

Nothing, it must be admitted, could be more magnanimous or lenient towards the rebels; they have put themselves beyond the pale of the law by their iniquity; their properties are already declared confiscate, and their lives are in jeopardy; and if they continue contumacious the whole of the beautiful region they inhabit will be inevitably overrun by our armies, their fields laid waste, their cities and towns desolated, and their homes pillaged. But in this dire strait *the President offers them not only a peace which shall save them from the miseries of war, but a humane pardon, which shall endue them with all the attributes of the citizen.* The very condition, moreover, on which they are asked to accept these boons, is a beneficent one—the renunciation of that monstrous idol of slavery, which has been the source of all their sacrifices and sufferings and woes.

SLAVERY AT THE MERCY OF EVENTS.

[From the Boston Post.]

Slavery may be left to the mercy of events. The great difficulty begins as it passes away, and in the questions arising out of race. The message rather announces conclusions than discusses principles.

THE PLAN WILL BE ACCEPTED.

[From the New York Times.]

The process of reconstruction, as the President puts it, is simple and yet perfectly effective. The motive to reassume loyal obligations is secured by making it the only means of escaping the confiscation of property and all the other penalties of treason. The act is secured with the very highest sanction possible, by making it rest on a most emphatic and solemn oath. The *effect* is secured by enabling those who thus comply to revive and carry on the State Government just so soon as they comprise a certain definite proportion of the whole number of the voting population before the rebellion. Those who are for the Emancipation proclamation are satisfied by the President's declared determination to maintain it until pronounced null by the highest judicial authority of the land; while those who have opposed it as an unconstitutional assumption of power cannot complain, for they have it in their power to test the unconstitutionality by an appeal at any time to that court for a decision. Certain categories of traitors of peculiar dye are exempted from the benefit of the oath, which, of course, will meet the approbation of every loyal man. Other minor provisions are made, to complete the equity and efficiency of the plan. *We believe that the closer it is examined the more it will be discovered to be completely adapted to the great end aimed.* The public mind, after due reflection, we have not a doubt, will accept it as another signal illustration of the practical wisdom of the President.

"A DESPOT'S EDICT."

[From the New York News.]

There was a time when the annual message of the President of the United States was designed for the instruction, guidance, and benefit of the white race for whom the Republic was created; to-day we publish a President's message that, while it insultingly ignores these topics of vital interest to the white citizen, is devoted almost exclusively to suggestions and theories relative to the negro, &c., &c., &c., &c., &c.

THE COUNTRY SATISFIED.

[From the Philadelphia Press.]

The President's message has just been read in Congress. Its reception was most significant. The true friends of the Government are fully, completely satisfied. Even the opponents of the war and of the Administration admit that it is a paper worthy of the Chief Magistrate of the freest people on earth. It only needed this message to clinch and rivet the wide spread and daily-growing popularity of Mr. Lincoln. That he has a hold on the popular heart stronger than that of any living American has been made clear by a thousand evidences. *And now that he has again planted himself on the rock of principle, and once more renewed his covenant against slavery he has proved that he deserves the confidence so universally and unstintingly given to him.*

NOTHING WISER.

[From the Philadelphia Bulletin.]

But *nothing wiser and fairer could be devised*, in the present condition of our country, than the President's plan, and we have confidence that the future will prove the wisdom of his suggestions.

THE MESSAGE WISE AND HUMANE.

[From the New York Commercial Advertiser.]

The message and the proclamation accompanying it are marked by all that tenderness of feeling toward his misguided fellow citizens that has characterized Mr. Lincoln's former utterances. Here are no acerbity, no threats, no malice, no blind or fiery zeal, but we have an exhibition of charity and kindly regard—a sincere and pitying longing for the return of the wanderers to the fold from which they have strayed. *The message is wise and humane, and as such an exemplification of the best qualities that compose the character of the President.*

THE PROCLAMATION LIBERAL AND HUMANE.

[From the New York Sun.]

As suggestions to win back the allegiance of the Southern people, the President's proclamation will be considered liberal and humane, devoid of any desire to press home the great advantages we have gained by the prowess of our arms, and yet firm and insisting upon a course of policy that will prevent the slave power from ever again becoming of political importance in the nation.

THE SCHEME PREPOSTEROUS.

[From the New York World.]

It is clear, then, that Mr. Lincoln's scheme is not only preposterous in itself, but that it is the very height of absurdity to pretend to find authority for it in that part of the Constitution which guarantees to the States a republican form of government.

The Department of Agriculture.

The interests of agriculture have not materially suffered in the loyal States in consequence of the war. More territory has been cultivated and a larger yield received than in any previous year. The great staples for 1863 compare with 1862 as follows:

1862		1863	
Wheat, bush	169 993,500	Wheat, bush	191 068 239
Oats, bush	172 5[illegible]	Oats, bush	174 858 [illegible]
Corn, bush	586 704 474	Corn, bush	449,1[illegible]
Hay, tons	21 [illegible]	Hay, tons	18 [illegible]
Tobacco, lbs	[illegible]	Tobacco, lbs	258 462 413
Wool, lbs	61 [illegible]	Wool, lbs	79,405,215

The diversion of labor by the war is compensated by machinery, by young men growing up, and by immigration.

Seeds have been wanted in large quantities. Several hundred bushels of choice wheat and other cereal grains, and several thousands of dollars worth of seeds, most valuable for field and garden culture, including flower seeds, were imported from Europe. These and domestic varieties were freely distributed; 1 500 bushels of cotton seed were also sent to Western farmers, and tobacco seed in great quantities. The whole number of packages thus distributed was about 1 200 000. Of these, 300 000 were given to members of Congress; 300 000 to agricultural societies; the rest to direct applicants. About 40 000 were quart packages of wheat, &c.; 950 000 garden and flower seeds; 120 000 tobacco, and the remainder cotton, flax, &c. It is considered desirable that the distribution be continued.

The propagating and experimental garden, heretofore neglected, is now in charge of a competent person, and has distributed during the year about 25 000 articles—vines, bulbs, &c.—half to members of Congress, the rest to agricultural societies, &c.

Correspondence has been carried on concerning vines and vineyards, and valuable facts collected. Something has been done toward establishing specimen orchards of the best fruits to illustrate the best modes of culture, &c. A botanical collection and museum is also desired. Facilities should be supplied for comparing farming tools and methods of cultivation, such as thick and thin seeding, and when each should be adopted; the effect of draining and its best modes, &c. Additional appropriations are asked for glass conservatories and propagating houses. Land enough is wanted to test the various grains, grasses, and seeds, the practicability of growing different medicinal and textile plants, &c.

Attention has been given to entomology; an experienced entomologist employed, and his collection placed on exhibition in the Department; also, his collection of fac similes of all the fruits of the country, and a complete herbarium. More space is wanted for these and other purposes of the Department.

Congress last session appropriated $20 000 for investigations into the culture and preparation of flax and hemp as a substitute for cotton. A commission was appointed July 1, and cultivators were invited to send to this office samples of fibres and fabrics, accompanied by explanations of processes. A report of results will be hereafter presented.

Consuls abroad have been applied to, and have procured seeds and plants, and much valuable information.

The balance of the appropriation for the fiscal year ending June 30, 1863, remaining unexpended on the 31st D[illegible] 186[illegible] [illegible] 63 [illegible] The [illegible] June 30 1864 is $[illegible] 95 186[illegible] 59 [illegible] the expenditures [illegible] 31 December, 1862 [illegible] 30th November 1863 [illegible] all purposes amount to $87,794 96 leaving a balance [illegible] remaining for the fiscal year ending June 30, 1861 of $52 853 02. None of the appropriation above referred to for flax and hemp has been refunded. An increased appropriation is recommended for the ensuing year, and the value of the Department to the agriculture of the country is set forth at length.

CITY INTELLIGENCE

Amusements this Evening.

Grover's Theatre, Pennsylvania avenue, near Willard's Hotel.—Afternoon—"Turning the Tables," "Jocko," and the Arabs. Evening—"[illegible]cians," "Vol-au-Vent," and the Arabs.

The complimentary benefit to Manager Grover last evening was all that could be desired by that gentleman, his magnificent theatre being crowded in every section. The Secretary of State, the different foreign legations, and the Admiral and officers of the Russian fleet were all present. The theatre was beautifully decorated, and, altogether, it was the most brilliant affair that we have witnessed in many days. We understand that the handsome decorations are to remain in the theatre for this afternoon's matinee and this evening's performance. The matinee this afternoon promises to be a fine affair. Besides the performances of the wonderful Arabs and the Ravel-Martinetti and Marzetti troupe Mr. Grover's excellent dramatic company will appear in a fine piece. An excellent performance is up for to-night, which is positively announced as the last of the Arabs.

Ford's New Theatre, Tenth street, near E.—"Colleen Bawn," "A Day Too Late," and "The Four Sisters."

Canterbury Hall, Louisiana avenue, near Sixth street—"Fortunes of War; or, The Boys of the Irish Brigade," Singing, Dancing, &c.

Washington Varieties, Ninth street, near Pennsylvania avenue.—"The Rush in Ball," "Dumb Girl of Genoa," Pantomimes, Ballets, &c.

Public Buildings and Institutions.—From the letters of the Secretary of the Treasury recently issued, we glean the following information, which no doubt will prove of great interest to our readers:

CAPITOL EXTENSION AND PATENT OFFICE.

Mr. Thomas U. Walter, the architect of the United States Capitol Extension, states that the deficiency in the last appropriation, after completing the Capitol Extension, is one hundred and fifty thousand dollars and for the fiscal year ending June 30, 1865, he asks for an additional appropriation of $300,000. For the completion of the Patent Office building, he estimates that an appropriation of $75 000 will be needed. In conclusion, he adds that if he does not obtain an appropriation for the Capitol Extension early in the session, the work must necessarily stop.

COLUMBIA INSTITUTE.

The estimates for the Columbia Institution for the Deaf, Dumb, and Blind, for the fiscal year ending June 30, 1865, are as follows:

For salaries, incidental expenses, &c.	$7,500 00
For purchase of tract of land adjoining the institution, to enable it to instruct the male pupils in horticulture and agriculture, and to furnish sites for mechanic shops and other necessary buildings	[illegible] 00
For the erection and fitting up of a building to be used as mechanic shops for the instruction of the pupils in useful labor and to furnish more convenient and healthful apartments, as well for the instruction as for the sleeping rooms of the male pupils	31,445 61
To bring the Potomac water into the institution from the nearest water main, or other adequate sources in the city	3 200 00

The report of the superintendent states: "There is every reason to expect that the number of our pupils will increase year by year hereafter, as it has done hitherto, and unless steps are soon taken to provide more room we shall be compelled to refuse admittance to those whose claims to be received and instructed here will be as just as those of our present inmates. In view of these considerations, and of the further fact that in our entire building we can accommodate but sixty pupils, while our forthcoming annual report will show an attendance during the year of at least 61 pupils, it would seem that measures to provide for the increase in our numbers, as sure to come, should not be longer delayed."

GOVERNMENT HOSPITAL FOR THE INSANE.

The following estimates for the support of the Government Hospital for the Insane, and for the prosecution of sundry works for the completion and improvement of the establishment, for the year ending June 30, 1865, are asked:

1st. For the support, clothing and medical treatment of the insane of the army, navy and the revenue-cutter service, and of the District of Columbia, at the U. S. Government Hospital for the Insane in said District, including five hundred dollars for books, stationery, and incidental expenses	$67,500 00
2d. For gas fixtures, furniture, heating and lighting additional accommodations to the east wing	6,000 00
3d. For the continuation of the wall enclosing the grounds	10 000 00
4th. For iron-railing of the balcony front of the hospital office	2,500 00

NAVAL AND HYDROGRAPHICAL OFFICE.

The United States Naval and Hydrographical Office makes, in substance, the following official report:

"Within the fiscal year just closed 68 vessels were supplied with complete outfits, and 101 other vessels received partial equipments to replace losses by casual [illegible]

"At the commencement of the war, the navy relied wholly upon foreign work shops for certain instruments, and not less than four-fifths of the appropriations annually made by Congress were remitted abroad in payment for chronometers, [illegible] spy-glasses, azimuth, standard-steering and liquid compasses, barometers and thermometers.

"That dependence no longer exists. Promptly responding to the propositions which were made to them, the workmen of our country brought the inventive ability for which they are renowned to the several tasks assumed, and they have not only made most important improvements upon the specimens furnished for their guidance, but are now fully able to meet all demands from the navy with better instruments and at less cost than was paid for the imported ones.

* * * *

"Should the number of vessels composing foreign squadrons be increased, a larger proportion of the appropriation will be expended for charts; but in such case it is argued that the blockading fleets will not require so many vessels for their efficient service, and there will be no deficiency in the sums set apart for the purposes of navigation.

"Whilst the duties of the Observatory in selecting, purchasing, and distributing instruments and charts for more than ten times the number of vessels ever equipped within a similar period of its existence have been greatly increased, and the number of its assistants has necessarily been decreased very largely, the bureau will learn with satisfaction that our scientific labors were never more extended or hopeful of good results."

THE METROPOLITAN POLICE.

The following estimates of appropriations for the fiscal year ending June 30 1865, are asked for the Metropolitan Police Department:

7 members of the board of police, at $250 each	$1 750 00
1 treasurer of police	[illegible]00 00
1 superintendent of police	1 500 00
1 secretary of police	1,200 00
1 property clerk	[illegible]200 00
Police magistrates	3 [illegible]
3 surgeons of police, at $[illegible] each	[illegible]
10 detectives of police, at $[illegible] each	[illegible]
10 sergeants of police, at $600 each	[illegible]
150 patrolmen of police at $500 each	7[illegible],000 00
1 janitor of central office	420 00
Mounted superintendent and 15 men for duty in the county, at $[illegible] each	4 000 00
Uniforms, ship as belts, clubs, &c.	1 000 00
Rent of central department, office furniture, fuel, light, stationery, &c.	4 500 00

Volunteer Relief Committee.—The Volunteer Relief Committee of the Fourth ward assembled last evening at the Mayor's office for the transaction of business. It was proposed that the different members of the committee call at once upon the citizens in the ward in their different districts: which was agreed to. The committee will enter upon their duties on Monday. The executive committee of the whole will meet on next Thursday evening at the City Hall, when the list of the collectors will be settled. About $210 have been collected thus far from the original quota of the [illegible]. About 2600 men are required under the last call, and the committee think that if matters are properly managed the whole number can be obtained by enlistments. The following are the names of the committee of the Fourth ward: Messrs. M. G. Emery, Frank Taylor, Wm. Lord, Samuel Culverwell, Jas. [illegible]avis, W. U. Baldwin, C. W. Utermehle, Jas. Bowen, Rudolph Eichorn, Jas. English.

Stampede of Horses.—On Thursday evening, about ten o'clock, a large number of horses, estimated at fifty one hundred, broke from the enclosure at Camp Stoneman, Giesboro Point, and stampeded in every direction. A large number of them came up the road leading to the city: the guard at the bridge endeavoring to stop them, but they then divided, and many of them went pell mell into the branch and were drowned. A considerable number of them were rescued by the guard, but many of the droves succeeded in swimming the branch and landed at different points on this side of it. A large force of cavalrymen from the camp were out in search of the horses yesterday, and numbers of them were gathered up and returned. The opinion is, that the horses were stampeded by some rebel sympathizer. About five hundred [illegible] missing, and it is thought that a large [illegible] drowned. The loss will be quite a heavy one to the Government.

Number of Commitments.—The following commitments have been made during the present week to the Central Guard house. The majority of them were for being drunk and disorderly and having no passes: Sunday 22, Monday 12, Tuesday 27, Wednesday, 39, Thursday 13, Friday 25 Total 148.

Snow.—Yesterday morning, about 9 o'clock, our city was visited with a light fall of snow, which did not last long, however. This has been the second fall of snow this season. The weather all day yesterday was cloudy, and indicated either snow or rain, up to a late hour last evening.

Committed to the "Central."—James E. Chandler for selling citizens' clothing to soldiers, and H. Orer, a member of "Scott 900" for abusive language to the guard, were arrested yesterday by the invalid corps patrol, and committed to the Central Guard-house.

Our Russian Visitors.—The officers of the Russian fleet, now in our midst, visited the different fortifications in and around Washington yesterday, in company with General Auger and his staff officers.